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IBERIA HOME MORTGAGE AUTHORITY

**BASIC FINANCIAL STATEMENTS
(Audited)**

March 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/18/06

R. PERRY TEMPLETON, CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

**TRUSTEES,
IBERIA HOME MORTGAGE AUTHORITY
New Iberia, Louisiana**

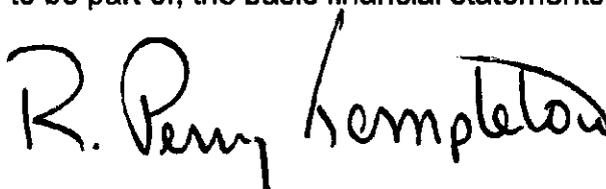
I have audited the accompanying basic financial statements of IBERIA HOME MORTGAGE AUTHORITY (A Louisiana Public Trust), a component unit of the City of New Iberia, Louisiana, at March 31, 2006, and for the year then ended as listed in the financial information section of the foregoing table of contents. These basic financial statements are the responsibility of the management of the IBERIA HOME MORTGAGE AUTHORITY. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly in all material respects the financial position of IBERIA HOME MORTGAGE AUTHORITY at March 31, 2006, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 25, 2006, on my consideration of the IBERIA HOME MORTGAGE AUTHORITY'S internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, and contracts. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The IBERIA HOME MORTGAGE AUTHORITY has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.



New Iberia, Louisiana
September 25, 2006

IBERIA HOME MORTGAGE AUTHORITY
 PROPRIETARY FUND-ENTERPRISE FUND
 STATEMENT OF NET ASSETS
 March 31, 2006

ASSETS

| | |
|------------------------------|--------------------------|
| CURRENT ASSETS: | |
| Cash | \$ 19,463 |
| Investments (At Cost) | 71,621 |
| Mortgage Loans Receivable | 84,116 |
| Unamortized Debt Issue Costs | 10,651 |
| Accrued Interest Receivable | 2,576 |
| Prepaid Expenditures | <u>463</u> |
| TOTAL CURRENT ASSETS | <u>\$ 188,890</u> |
| NONCURRENT ASSETS: | |
| Mortgage Loans Receivable | <u>189,522</u> |
| TOTAL ASSETS | <u>\$ 378,412</u> |

LIABILITIES

| | |
|---|--------------------------|
| CURRENT LIABILITIES: | |
| Accrued Expenditures | \$ 8,494 |
| Bonds Payable, Including Unamortized Premium of \$3,440 and Less Unamortized Deferred Amount on Refunding of \$2,180 | <u>46,260</u> |
| TOTAL CURRENT LIABILITIES | <u>\$ 54,754</u> |
| NONCURRENT LIABILITIES: | |
| Bonds Payable, Including Unamortized Premium of \$16,415 and Less Unamortized Deferred Amount on Refunding of \$10,444 | <u>220,971</u> |
| TOTAL LIABILITIES | <u>\$ 275,725</u> |

NET ASSETS

| | |
|-------------------------|--------------------------|
| UNRESTRICTED | <u>102,687</u> |
| TOTAL NET ASSETS | <u>\$ 102,687</u> |

The accompanying notes are an integral part of this financial statement.

IBERIA HOME MORTGAGE AUTHORITY
PROPRIETARY FUND-ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND NET ASSETS
For the Year Ended March 31, 2006

| | |
|-------------------------------------|------------------|
| OPERATING REVENUES | |
| Interest Income - Mortgage Loans | \$ 31,928 |
| Interest Income – Investments | <u>3,753</u> |
| Total Operating Revenues | <u>\$ 35,681</u> |
| OPERATING EXPENDITURES | |
| Interest Expense | 24,737 |
| Servicing Fees | 1,734 |
| Trustee's Fees | 104 |
| Insurance | 1,932 |
| Amortization of Bond Issuance Costs | 5,940 |
| Legal and Accounting | <u>3,750</u> |
| Total Operating Expenditures | 38,197 |
| CHANGE (DECREASE) IN NET ASSETS | (2,516) |
| NET ASSETS, Beginning of Year | <u>105,203</u> |
| NET ASSETS, End of Year | <u>\$102,687</u> |

The accompanying notes are an integral part of this financial statement.

IBERIA HOME MORTGAGE AUTHORITY
 PROPRIETARY FUND-ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 For the Year Ended March 31, 2006

| | |
|--|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Interest earnings (Investments) | \$ 3,137 |
| Mortgage Loan payments from customers including interest | 181,688 |
| Cash interest payments | (27,410) |
| Other Cash payments for services | <u>(7,496)</u> |
| Net Cash Provided By Operating Activities: | <u>149,919</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | |
| Bonds paid and redeemed | <u>(145,000)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchase of Investments | (167,636) |
| Proceeds from sale of investments | <u>182,180</u> |
| Net Cash Provided By (Used In) Investing Activities | <u>14,544</u> |
| Net Increase (Decrease) in cash and cash equivalents | 19,463 |
| CASH AT BEGINNING OF YEAR | <u>-</u> |
| CASH AT THE END OF YEAR | <u>\$ 19,463</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | |
| Change in net assets (loss) | \$ (2,516) |
| Adjustments to reconcile operating income (loss) to net cash | |
| Amortization of Bond Issuance Costs | 5,940 |
| Amortization of Premium on Bonds Payable | (11,073) |
| Amortization of Deferred Amount on Refunding | 7,039 |
| Changes in assets and liabilities: | |
| (Increase) decrease in receivables | 152,041 |
| (Increase) decrease in accrued interest receivable | 1,137 |
| (Increase) decrease in prepaid expenses | 74 |
| Increase (decrease) in accrued expenses | <u>(2,723)</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>\$ 149,919</u> |

The accompanying notes are an integral part of this financial statement.

IBERIA HOME MORTGAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

NOTE 1: GENERAL INFORMATION

The IBERIA HOME MORTGAGE AUTHORITY is a Louisiana Public Trust created pursuant to Chapter 2-A of Title 9 of the Louisiana Revised Statutes of 1950, as amended, and a Trust Indenture dated January 16, 1979 with the City of New Iberia, Iberia Parish, Louisiana as beneficiary. The Authority was formed for the purpose of issuing bonds to provide funds to acquire mortgage notes secured by first mortgage liens on certain residential properties located in Iberia Parish, Louisiana. The authority is governed and administered by a Board of Trustees consisting of ten Trustees, which ten-member Board shall be composed of the Mayor and Board of Trustees of the City, the Mayor of the City of Jeanerette, State of Louisiana, and the President of the Police Jury of the Parish. The financial statements of Iberia Home Mortgage Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority's accounting and procedures also follow the guidelines set forth in the Louisiana Municipal Audit and Accounting Guide and the industry audit guide, Audits of State and Local Governments published by the American Institute of Certified Public Accountants. The more significant of the Authority's accounting policies are described below.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity-In evaluating how to define the governmental unit, for financial reporting purposes, consideration has been given to the following criteria as set forth by GASB Statement No. 14:

- a. Financial interdependence
- b. Selection of governing authority
- c. Accountability for fiscal matters

Based on the above criteria, the Authority is considered to be a component unit, and an integral part of the City of New Iberia, Louisiana (the reporting entity). These financial statements include only the operations of the Authority.

Basis of Presentation

Propriety Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

IBERIA HOME MORTGAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
March 31, 2006

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES, Continued

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund.

Budgetary Practices-Because no financial activity was planned for the years the Authority did not adopt a budget for the year ended March 31, 2006. Therefore these financial statements do not contain a comparison of actual to budgeted activity.

Investments -Investments are stated at cost, plus discount adjustments. Because these securities are purchased for investment purposes, and the quoted market values fluctuate during the investment period, gains and losses are recognized (based on the specific identification method) either upon realization, or when securities' values are deemed to have been permanently impaired.

Intangible Assets-The costs of issuing the bonds and the deferred amount on refunding are being amortized over the life of the bonds using the allocated cost method. The premium received from the refunding bonds is being amortized over the life of the bonds using the effective interest method.

IBERIA HOME MORTGAGE AUTHORITY
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 March 31, 2006

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Use of Estimates-Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. The use of estimates and assumptions is a normal practice followed by all entities preparing financial statements in accordance with generally accepted accounting principles.

NOTE 3: CASH AND INVESTMENTS

Cash and investments at March 31, 2006 consist of the following:

| | <u>Cash</u> | <u>Investments at Cost</u> | <u>Total</u> |
|------------------------------|------------------|--------------------------------|------------------|
| Trustee's Accounts: | | | |
| Debt Reserve Account | \$ - | \$ 13,500 | \$ 13,500 |
| Principal Prepayment Account | - | 3,349 | 3,349 |
| Bond Account | 19,403 | 52,626 | 72,029 |
| Expense Account | 60 | 2,146 | 2,206 |
| Totals | <u>\$ 19,463</u> | <u>\$ 71,621</u> | <u>\$ 91,084</u> |

The indenture restricts the funds in the various accounts to be used for certain, specific purposes. In addition, minimum balances in cash and investments amounting to \$47,794 were required at March 31, 2006 by the indenture.

The investments consist of:

| | <u>Face Amount (Maturity Value)</u> |
|--|-------------------------------------|
| Guaranteed Investment Certificates at 4% to 5.05% interest with final maturity in 2010 | <u>\$ 71,621</u> |

IBERIA HOME MORTGAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
March 31, 2006

NOTE 3: CASH AND INVESTMENTS, Continued

Market value of the above securities at March 31, 2006 approximated cost.

The above cash and securities are pledged as security for the Authority's bonds payable.

The Authority's cash as of March 31, 2006 is fully insured and collateralized by securities held by the Authority.

For the purpose of the Statement of Net Assets, and Statement of Cash Flows, cash includes all demand, savings accounts, and certificates of deposits of the Authority with an original maturity of 90 days or less.

NOTE 4: MORTGAGE LOANS RECEIVABLE

Mortgage loans receivable consist of 8-1/4% real estate notes secured by first liens on residential properties located in Iberia Parish, Louisiana. These loans were originated by participating mortgage lending institutions in accordance with the then current standards established by FNMA and FHMC guides. The participants are now servicing these loans which mature by the year 2011. All loans are considered to be collectible at March 31, 2006. These mortgage loans receivable are pledged as security for the Authority's bonds payable.

NOTE 5: BOND ISSUANCE COSTS

Bond issuance costs consist of the following:

| | |
|--------------------------------------|------------------|
| Underwriters' Fees | \$ 194,925 |
| Other (Printing, legal, rating fees) | <u>117,144</u> |
| Total | 312,069 |
| Accumulated Amortization | <u>(301,418)</u> |
| Unamortized Bond Issuance Costs | <u>\$ 10,651</u> |

NOTE 6: BONDS PAYABLE

On July 7, 1993, the Authority issued \$7,620,000 in Iberia Home Mortgage Authority Single Family Mortgage Revenue Bonds dated July 1, 1993, with interest ranging from 3.75% to 7.38% to refund \$8,695,000 of the outstanding 1979 Series Bonds. The proceeds of \$7,869,000 including a premium of \$559,300 (after payment of \$312,000 in underwriting fees, insurance and other issuance costs) plus proceeds from sale of investments were used to retire the 1979 Series Bonds.

IBERIA HOME MORTGAGE AUTHORITY
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 March 31, 2006

NOTE 6: BONDS PAYABLE, Continued

The refunding resulted in a difference of \$369,901 between the reacquisition price and the net carrying amount of the old debt (deferred amount on refunding). This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2010 using the allocated cost method.

The Authority completed the refunding to reduce its total debt service payments over the next 17 years by \$2.9 million.

The bonds are secured by an assignment and pledge of and security interest in all mortgage loans acquired with bond proceeds and the income therefrom, all monies and investments held under the indenture, and all of the Authority's rights and interest.

Scheduled bond maturities through 2010 are as follows:

| | |
|-------|------------------|
| 2006 | \$ 45,000 |
| 2007 | 50,000 |
| 2008 | 50,000 |
| 2009 | 55,000 |
| 2010 | <u>60,000</u> |
| Total | <u>\$260,000</u> |

The Authority's trust instrument contains certain provisions requiring that should excess funds be accumulated by the Authority, they be used to redeem a mandatory early retirement of the Authority's bonds payable. This situation existed in 2006 and in addition to the scheduled maturities, \$90,000 was retired.

NOTE 7: ACCRUED EXPENDITURES

Accrued expenditures consist of the following:

| | |
|----------------------------|-----------------|
| Accrued interest | \$ 4,794 |
| Other accrued expenditures | <u>3,700</u> |
| Total | <u>\$ 8,494</u> |

NOTE 8: COMPENSATION OF BOARD MEMBERS

During the year ended March 31, 2006, no per diems were paid to the trustees of the Authority.

R. PERRY TEMPLETON
CERTIFIED PUBLIC ACCOUNTANT
(A PROFESSIONAL ACCOUNTING CORPORATION)

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

**TRUSTEES
IBERIA HOME MORTGAGE AUTHORITY
New Iberia, Louisiana**

I have audited the financial statements of the IBERIA HOME MORTGAGE AUTHORITY, a component unit of the City of New Iberia, as of and for the year ended March 31, 2006, and have issued my report thereon dated September 25, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the IBERIA HOME MORTGAGE AUTHORITY'S financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the IBERIA HOME MORTGAGE AUTHORITY'S *internal control over financial reporting* in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Iberia Home Mortgage Authority
September 25, 2006
Page 2

This report is intended solely for the information and use of management, others in the organization and the Office of the Legislative Auditor and is not intended to be and should not be used by anyone other than those specified parties. However, under the provisions of the Louisiana Revised Statutes 24:513 and 44:6, this report is a matter of public record and its distribution is not limited.

R. Perry Templeton

New Iberia, Louisiana
September 25, 2006

**IBERIA HOME MORTGAGE AUTHORITY
SUMMARY OF CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS
FOR THE YEAR ENDED MARCH 31, 2006**

Section I. Internal Control and Compliance Material to the Financial Statements

No Prior Year Findings.

Section II. Internal Control and Compliance Material to Federal Awards

No Prior Year Findings.

Section III. Management Letter

No Prior Year Findings.

**IBERIA HOME MORTGAGE AUTHORITY
SUMMARY OF CURRENT YEAR FINDINGS
FOR THE YEAR ENDED MARCH 31, 2006**

Section I. Internal Control and Compliance Material to the Financial Statements

No Current Year Findings.

Section II. Internal Control and Compliance Material to Federal Awards

No Current Year Findings.

Section III. Management Letter

No Current Year Findings.