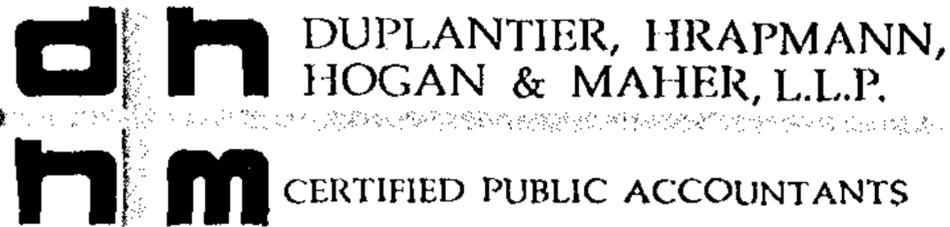


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REPORT  
ST. BERNARD PARISH HOME  
MORTGAGE AUTHORITY  
MARCH 31, 2001 AND 2000

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 8/15/01



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MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LA. C.P.A.'S

June 5, 2001

Sheriff Jack A. Stephens  
St. Bernard Parish Home Mortgage Authority  
St. Bernard Parish Courthouse Annex  
P. O. Box 168  
Chalmette, LA 70044

We have audited the financial statements of St. Bernard Parish Home Mortgage Authority as of and for the year ended March 31, 2001, and have issued our report thereon dated June 5, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As a part of our examination, we have issued our report on the financial statements, dated June 5, 2001, and our report on internal control and compliance with laws, regulations, and contracts dated June 5, 2001.

During the course of our examination, we became aware of the following matter which represents an immaterial deviation of compliance with the 1992 series bond indenture.

Suggestion 2001-1. Per section 5.02 of the 1992 series bond indenture, a balance of \$15,000 should be maintained in the expense fund. For the months of September 2000 through March 2001, the balance in the expense fund was below \$15,000 due to fees that were paid out of this account in error. The Trustee has been informed of the situation and will transfer funds to the expense fund in July 2001 to restore the proper balance.

We recommend management address the foregoing issue as an improvement to operations and the administration of public programs. We are available to further explain the suggestion or help implement the recommendation.

Very truly yours,

DUPLANTIER, HRAPMANN, HOGAN & MAHER, LLP

William G. Stamm, CPA

Partner

WGS/ckr



St. Bernard Parish  
**Home Mortgage Authority Board**

8201 M. Judge Perez Drive  
Chalmette, La. 70043  
Telephone 277-6371

**OFFICERS**

Jack A. Stephens  
Chairman

Carey M. Turner  
Vice-Chairman

Louis P. Munster  
Secretary/Treasurer

June 21, 2001

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Carey M. Turner  
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Violet, LA 70092

Legislative Auditor  
State of Louisiana  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

Dear Sir or Madam:

Following is the Corrective Action Plan for suggestion 2001-1, reported in the management letter for the St. Bernard Parish Home Mortgage Authority for the year ended March 31, 2001:

2001-1

We will contact our trustee bank and request that funds be transferred into the expense fund in order to maintain a \$15,000 balance.

Should you require further information, please do not hesitate to contact me.

Very truly yours,

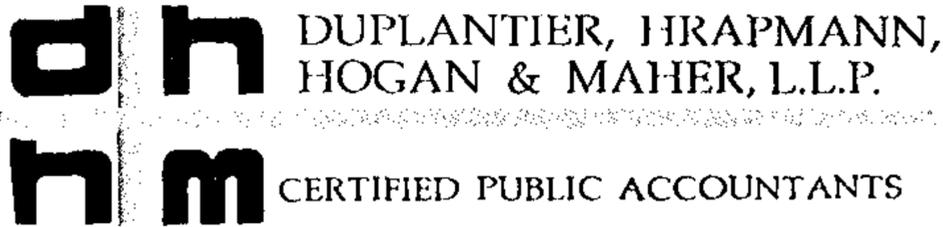
  
Jack A. Stephens, Chairman  
St. Bernard Parish  
Home Mortgage Authority

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY

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## INDEPENDENT AUDITOR'S REPORT

June 5, 2001

Board of Trustees  
St. Bernard Parish Home  
Mortgage Authority  
Chalmette, Louisiana 70043

We have audited the accompanying combining balance sheets of the St. Bernard Parish Home Mortgage Authority, a component unit of the Parish of St. Bernard, and its programs as of March 31, 2001 and 2000 and the related combining statements of revenues, expenses and changes in retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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. We believe that our audits provide a reasonable basis for our opinion.

As more fully described in Note 1, the financial statements present only the Home Mortgage Authority operations of St. Bernard Parish for the years ended March 31, 2001 and 2000 and are not intended to present fairly the results of operations of the Parish of St. Bernard.

In our opinion, the financial statements referred to above present fairly the financial position of the St. Bernard Parish Home Mortgage Authority and its programs at March 31, 2001 and 2000 and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2001 on our consideration of St. Bernard Parish Home Mortgage Authority's internal control over financial reporting and our tests of its compliance with laws and regulations. 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 our audit.

*Duplantier, Knapmann, Hogan & Maher LLP*

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY  
 COMBINING BALANCE SHEETS  
MARCH 31, 2001 AND 2000

ASSETS

	<u>COMBINED</u>	
	<u>2001</u>	<u>2000</u>
Cash (Note 2)	\$ --	\$ 498
Cash equivalents (Notes 1 and 2)	270,454	312,887
U.S. Government Securities (Notes 1 and 2)	1,424,992	1,163,008
Guaranteed investment contract (Notes 1 and 2)	96,545	96,545
Mortgage loans receivable (Notes 3 and 4)	1,295,680	1,668,080
Accrued interest receivable	25,846	40,371
Insurance receivable	7,072	7,072
Deferred financing costs - Net of amortization (Note 1)	112,167	141,477
Prepaid expenses	4,177	234
TOTAL ASSETS	<u>\$ 3,236,933</u>	<u>\$ 3,430,172</u>

LIABILITIES AND RETAINED EARNINGS

Accrued interest payable (Note 4)	\$ 6,765	\$ 18,773
Bonds payable (Notes 1 and 4)	1,968,854	2,333,252
Total liabilities	1,975,619	2,352,025
Retained earnings	1,261,314	1,078,147
TOTAL LIABILITIES AND RETAINED EARNINGS	<u>\$ 3,236,933</u>	<u>\$ 3,430,172</u>

See accompanying notes.

1979 PROGRAM		1991 PROGRAM		1992 PROGRAM	
2001	2000	2001	2000	2001	2000
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 498
90,374	104,449	133,559	165,748	46,521	42,690
--	--	--	--	1,424,992	1,163,008
--	--	--	--	96,545	96,545
--	--	761,758	986,537	533,922	681,543
--	--	18,413	26,235	7,433	14,136
--	--	6,115	6,115	957	957
--	--	18,921	30,926	93,246	110,551
--	--	4,000	--	177	234
<u>\$ 90,374</u>	<u>\$ 104,449</u>	<u>\$ 942,766</u>	<u>\$ 1,215,561</u>	<u>\$ 2,203,793</u>	<u>\$ 2,110,162</u>
\$ --	\$ --	\$ 3,706	\$ 10,887	\$ 3,059	\$ 7,886
--	--	564,557	845,830	1,404,297	1,487,422
--	--	568,263	856,717	1,407,356	1,495,308
90,374	104,449	374,503	358,844	796,437	614,854
<u>\$ 90,374</u>	<u>\$ 104,449</u>	<u>\$ 942,766</u>	<u>\$ 1,215,561</u>	<u>\$ 2,203,793</u>	<u>\$ 2,110,162</u>

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY  
 COMBINING STATEMENTS OF REVENUES, EXPENSES AND  
 CHANGES IN RETAINED EARNINGS  
 FOR THE YEARS ENDED MARCH 31, 2001 AND 2000

	COMBINED	
	2001	2000
REVENUES:		
Interest earned on mortgage loans (Note 3)	\$ 128,578	\$ 179,790
Interest earned on investments (Note 2)	22,625	24,450
Unrealized gain (loss) on U.S. Government Securities	261,984	(95,488)
Total	413,187	108,752
EXPENSES:		
Interest (Note 4)	164,091	204,068
Amortization of deferred financing costs (Note 1)	29,310	40,975
Servicing fees (Note 3)	5,888	6,905
Mortgage loan insurance costs	1,903	2,773
Operating expenses	28,828	32,712
Total	230,020	287,433
NET INCOME (LOSS)	183,167	(178,681)
Retained earnings, beginning of year	1,078,147	1,256,828
RETAINED EARNINGS, END OF YEAR	\$ 1,261,314	\$ 1,078,147

See accompanying notes.

1979 PROGRAM		1991 PROGRAM		1992 PROGRAM	
2001	2000	2001	2000	2001	2000
\$ --	\$ --	\$ 80,380	\$ 118,394	\$ 48,198	\$ 61,396
5,892	4,994	8,483	9,678	8,250	9,778
--	--	--	--	261,984	(95,488)
<u>5,892</u>	<u>4,994</u>	<u>88,863</u>	<u>128,072</u>	<u>318,432</u>	<u>(24,314)</u>
--	--	52,799	79,396	111,292	124,672
--	--	12,005	23,162	17,305	17,813
--	--	3,455	4,100	2,433	2,805
--	--	1,314	1,944	589	829
<u>19,967</u>	<u>8,785</u>	<u>3,631</u>	<u>11,442</u>	<u>5,230</u>	<u>12,485</u>
<u>19,967</u>	<u>8,785</u>	<u>73,204</u>	<u>120,044</u>	<u>136,849</u>	<u>158,604</u>
(14,075)	(3,791)	15,659	8,028	181,583	(182,918)
<u>104,449</u>	<u>108,240</u>	<u>358,844</u>	<u>350,816</u>	<u>614,854</u>	<u>797,772</u>
<u>\$ 90,374</u>	<u>\$ 104,449</u>	<u>\$ 374,503</u>	<u>\$ 358,844</u>	<u>\$ 796,437</u>	<u>\$ 614,854</u>

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY  
 COMBINING STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED MARCH 31, 2001 AND 2000

	COMBINED	
	2001	2000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ 183,167	\$ (178,681)
Reconciliation of net income (loss) to net cash provided (used) by operating activities:		
Amortization of deferred financing costs	29,310	40,975
Amortization of bond discount	91,838	87,572
(Increase) decrease in prepaid expenses	(3,943)	126
Unrealized (gain) loss on U.S. Government Securities	(261,984)	95,488
(Increase) decrease in accrued interest receivable	14,525	(11,517)
(Increase) decrease in insurance receivable	--	23,643
Increase (decrease) in accrued interest payable	(12,008)	(10,764)
Interest paid on bonds payable	84,260	125,333
Interest received on investments	(22,625)	(24,450)
	102,540	147,725
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Bond redemptions	(456,236)	(693,839)
Interest paid on bonds payable	(84,260)	(125,333)
	(540,496)	(819,172)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Decrease in mortgage loans receivable	372,400	523,593
Interest received on investments	22,625	24,450
	395,025	548,043
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(42,931)	(123,404)
Cash and cash equivalents - beginning of year	313,385	436,789
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 270,454	\$ 313,385

See accompanying notes.

1979 PROGRAM		1991 PROGRAM		1992 PROGRAM	
2001	2000	2001	2000	2001	2000
\$ (14,075)	\$ (3,791)	\$ 15,659	\$ 8,028	\$ 181,583	\$ (182,918)
--	--	12,005	23,162	17,305	17,813
--	--	--	--	91,838	87,572
--	--	(4,000)	--	57	126
--	--	--	--	(261,984)	95,488
--	--	7,822	(13,203)	6,703	1,686
--	--	--	23,643	--	--
--	--	(7,181)	(6,773)	(4,827)	(3,991)
--	--	59,980	86,096	24,280	39,237
(5,892)	(4,994)	(8,483)	(9,678)	(8,250)	(9,778)
(19,967)	(8,785)	75,802	111,275	46,705	45,235
--	--	(281,273)	(519,646)	(174,963)	(174,193)
--	--	(59,980)	(86,096)	(24,280)	(39,237)
--	--	(341,253)	(605,742)	(199,243)	(213,430)
--	--	224,779	403,747	147,621	119,846
5,892	4,994	8,483	9,678	8,250	9,778
5,892	4,994	233,262	413,425	155,871	129,624
(14,075)	(3,791)	(32,189)	(81,042)	3,333	(38,571)
104,449	108,240	165,748	246,790	43,188	81,759
\$ 90,374	\$ 104,449	\$ 133,559	\$ 165,748	\$ 46,521	\$ 43,188

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2001 AND 2000

ORGANIZATION

The St. Bernard Parish Home Mortgage Authority (the "Authority") was created through a Trust Indenture dated May 9, 1979 pursuant to provisions of Chapter 2-A of Title 9 of the Louisiana Revised Statutes of 1950, as amended. The initial legislation and subsequent amendments grant the Authority the power to obtain funds and to use the proceeds to promote the financing and development of any essential program conducted in the public interest within the boundaries of St. Bernard Parish, Louisiana.

The Authority's operations consist of two single family mortgage revenue bond programs and two single family mortgage refunding bond programs whereby the Authority promoted residential home ownership through the acquisition of mortgage loans secured by first mortgage liens on single family residential housing. The funds for these programs were obtained through the issuance of \$25,000,000 in Single Family Mortgage Revenue Bonds, dated September 1, 1979, \$10,000,000 in Single Family Mortgage Revenue Bonds, dated November 1, 1980, \$4,435,000 in Single Family Mortgage Refunding Bonds, dated March 29, 1991, \$11,255,000 in 1992 Series A Taxable Single Family Mortgage Refunding Bonds, dated June 1, 1992, \$2,130,000 in 1992 Series B-1 Taxable Single Family Mortgage Refunding Bonds, dated June 1, 1992, \$200,000 (maturity amount) in 1992 Series B-2 Taxable Single Family Mortgage Refunding Bonds, dated June 1, 1992, and \$3,000,000 (maturity amount) in 1992 Series C Tax Exempt Single Family Mortgage Revenue Bonds dated June 1, 1992. The bonds dated September 1, 1979 have been defeased and the bonds dated November 1, 1980 have been called. The \$11,255,000 in 1992 Series A bonds dated June 1, 1992 have matured. The bonds issued by the Authority are general obligations of the Authority and are not an obligation of the State of Louisiana or any other political subdivision thereof.

The Authority has a Board of Trustees which is empowered under the bond trust indentures and the bond program agreements to contract with outside parties to conduct the day-to-day operations of the programs it initiates. Under the bond programs, the Authority utilizes financial institutions to originate and service the mortgage loans acquired. In addition, a bank has been designated as Trustee of the separate bond programs and has the fiduciary responsibility for the custodianship and investment of funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity

Government Accounting Standards Board (GASB) Statement No. 14 has established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2001 AND 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Reporting entity (Continued)

1. Appointment of a voting majority of the governing board
  - a. The ability of the parish government to impose its will on the organization
  - b. The potential of the organization to provide specific financial benefits to or impose specific financial burdens on the parish government
2. Organizations which are fiscally dependent
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship

Because the parish government appoints the governing board, the Authority was determined to be a component unit of the St. Bernard Parish Government, the governing body of the parish and the governmental body with oversight responsibility. The accompanying financial statements present information only on the funds maintained by the Authority and do not present information on the parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

Annually, the St. Bernard Parish Government issues audited general purpose financial statements which include the activity contained in the accompanying financial statements.

Basis of Reporting

The combined financial statements include the 1979 single family mortgage revenue bond program and the 1991 and 1992 single family mortgage refunding bond programs. There is no longer activity in the 1980 single family mortgage revenue bond program. The individual funds for each bond program are combined in the accompanying individual program financial statements.

Basis of Accounting

The Authority follows the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when the related liability is incurred. Certain funds were established under the powers granted by the Bond Trust Indentures. The funds, which are maintained by the trustee bank, provide for the accounting of bonds issued, debt service and bond redemption requirements, investments, and related revenues and operating expenses.

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2001 AND 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING/POLICIES: (Continued)

Financial Accounting Standards Board Pronouncements

The Authority applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

Amortization

Bond issuance costs, including underwriter's discount on bonds sold, are being amortized ratably over the life of the bonds based upon the principal amounts outstanding.

Discounts on bonds payable are amortized over the lives of the bonds using the level yield method.

Investments

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates.

Statements of Cash Flows

For purposes of the statements of cash flows, the Authority considers all short-term, highly liquid investments with a maturity of three months or less to be cash equivalents.

2. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Deposits

At March 31, 2001 and 2000, deposits in the amount of \$-0- and \$498, respectively, (bank balance) were insured by the Federal Deposit Insurance Corporation (FDIC).

Cash Equivalents

Cash equivalents consist of government backed pooled funds. The funds are held by the Authority's custodian's trust department in the Authority's name. The funds are managed by the Authority's custodian.

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2001 AND 2000

2. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Investments

The Authority's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Authority's name.

	<u>2001</u> MARKET VALUE	<u>2000</u> MARKET VALUE	<u>CATEGORY</u>
1992 Program:			
Guaranteed Investment Contracts	\$ 96,545	\$ 96,545	2
U.S. Government securities	<u>1,424,992</u>	<u>1,163,008</u>	2
	<u>\$1,521,537</u>	<u>\$ 1,259,553</u>	

Market values are furnished by the Authority's custodial bank.

The bond indentures authorize the Trustee to make investments under prudent investment standards reasonably expected to produce the greatest investment yield.

3. MORTGAGE LOANS RECEIVABLE:

In accordance with the Trust Indenture of the 1991 Single Family Mortgage Revenue Refunding Bonds, the right, title and interest in the mortgage loans of the 1980 program were transferred to the 1991 program as of March 1, 1991.

In accordance with the Trust Indenture of the 1992 Series B Single Family Mortgage Refunding Bonds and the 1992 Series C Tax Exempt Single Family Mortgage Revenue Bonds, the right, title and interest in the remaining mortgage loans of the 1979 program were transferred to the 1992 program as of June 1, 1992. Certain mortgage loans of the 1979 program were sold prior to this date.

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2001 AND 2000

3. MORTGAGE LOANS RECEIVABLE: (Continued)

Mortgage loans receivable acquired by the Authority from participating mortgage lenders under the 1979 program which were transferred to the 1992 program have a stated rate of 8.375%. The mortgage loans under the 1980 program previously had a stated rate of 11.5%, but after transfer to the 1991 program, have a stated rate of 9.3%. These mortgage loans, which were granted only to residents of St. Bernard Parish, have scheduled maturities of thirty years and are secured by first mortgages on the related real property. Each participating mortgage lender services those loans purchased from it by the Authority and receives compensation for services rendered.

In addition to the customary insurance required of the mortgagors, the mortgage loans are insured by the Authority under pool insurance policies. The loans of the 1991 program are also insured under a special hazard policy.

The mortgage loans receivable were obtained through conventional, FHA and VA programs sponsored by the various participating mortgage lenders.

4. BONDS PAYABLE:

The net proceeds obtained from the 1979 and 1980 bond issues were used to establish funds authorized by the Bond Trust Indentures and to purchase eligible mortgage loans secured by first mortgage liens on single family owner-occupied residences from qualified mortgage lenders accepted for participation in the programs by the Authority.

On March 31, 1991, the Authority issued \$4,435,000 in Single Family Mortgage Refunding Bonds with an interest rate of 8% to advance refund \$5,900,000 of outstanding 1980 Series bonds with an interest rate of 10.75%. The 1980 Series bonds have since been retired.

On June 1, 1992, the Authority issued \$11,255,000 in Single Family Mortgage Refunding Bonds, \$200,000 (maturity amount) in Single Family Mortgage Refunding Bonds, \$3,000,000 (maturity amount) in Single Family Mortgage Revenue Bonds, and \$2,130,000 in Single Family Mortgage Refunding Bonds to advance refund \$16,470,000 of outstanding 1979 Series bonds with interest rates of 5.87% to 7.5%. The net proceeds of \$13,795,143 (after \$1,621,319 in underwriting fees, trustee costs, and cash requirements) plus an additional \$4,294,455 of 1979 reserve fund money, loan proceeds and accrued interest were used to purchase Government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1979 Series Bonds. As a result, the 1979 bonds are considered defeased and the liability for those bonds was removed from the financial statements. At both March 31, 2001 and 2000, \$12,825,000 of the defeased bonds were still outstanding.

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2001 AND 2000

4. BONDS PAYABLE: (Continued)

The Bond Trust Indentures provide that bond principal and interest are secured by pledges of all mortgage loans acquired, all revenues and collections with respect to such loans, and all funds established by the Authority, together with all of the proceeds generated therefrom.

Outstanding bonds payable are due on a term and serial basis and bear interest at rates as follows:

	MARCH 31	
	2001	2000
Single Family Mortgage Revenue Bonds:		
1992 program Series C, zero coupon, due 2014 at maturity value of \$3,000,000, discounted to yield approximately 7.65%, unamortized discount was \$1,892,405 and \$1,971,774 at March 31, 2001 and 2000, respectively.	\$1,107,595	\$1,028,226
Single Family Mortgage Refunding Bonds:		
1991 Program, due 1994-2012, 8%	564,557	845,830
1992 Program Series B-1, due 2011, 7.5% stated rate, discounted to yield approximately 7.84%, unamortized discount was \$8,285 and \$15,547 at March 31, 2001 and 2000, respectively.	236,414	404,115
1992 Program Series B-2, zero coupon, due 2014 at maturity value of \$200,000, discounted to yield approximately 9.25%, unamortized discount was \$139,712 and \$144,919 at March 31, 2001 and 2000, respectively.	<u>60,288</u> <u>\$1,968,854</u>	<u>55,081</u> <u>\$2,333,252</u>

It is not possible to project the bond principal payments for the 1991 and 1992 Series B-1 issue for the next five years due to the required redemption procedures of the Trust Indentures. The Indenture of the 1991 issue requires monies remaining in the Collection Account of the 1991 Issue shall pay principal of the bonds after the following payments are satisfied:

- a) payment to the Rebate Account in an amount equal to the excess non-mortgage earnings;

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2001 AND 2000

4. BONDS PAYABLE: (Continued)

- b) payment of all interest due and payable with respect to any overdue bonds and any principal of such overdue bonds;
- c) payment of interest due and payable on any bonds which are not overdue;
- d) payment to the Debt Service Reserve Account (if necessary) to maintain the reserve requirement;
- e) payment to the Revenue Account an amount equal to 1/12 of .55% per annum of the aggregate principal amount of bonds outstanding.

The Indenture of the 1992 Series B-1 issue requires monies remaining in the Bond Fund Account of the 1992 Series B-1 issue shall pay principal of the bonds after the following payments are satisfied:

- a) payment of all interest due and payable with respect to any overdue bonds;
- b) payment of any installments of interest then due and payable on any bonds which are not overdue;
- c) payment to the Expense Account an amount sufficient to maintain a balance of \$15,000 therein.

The 1992 Series C bonds are callable at the option of the issuer on any date on or after June 1, 2002 at the following redemption prices expressed as percentages of the accreted value of the bonds as of the date of redemption:

<u>REDEMPTION PERIOD</u>	<u>REDEMPTION PRICES</u>
June 1, 2002 through May 31, 2003	103%
June 1, 2003 through May 31, 2004	102
June 1, 2004 through May 31, 2005	101
June 1, 2005 and thereafter	100

5. BOARD OF TRUSTEES EXPENSES:

The members of the Authority's Board of Trustees receive no compensation for their services rendered but are reimbursed for their actual travel costs incurred in connection with their duties as trustees of the Authority.

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2001 AND 2000

6. ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY  
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED MARCH 31, 2001

June 5, 2001

Board of Trustees  
St. Bernard Parish Home  
Mortgage Authority  
Chalmette, Louisiana 70043

We have audited the financial statements of the St. Bernard Parish Home Mortgage Authority as of and for the year ended March 31, 2001, and have issued our report thereon dated June 5, 2001. We conducted our audit in accordance with generally accepted auditing standards 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 St. Bernard Parish Home Mortgage Authority's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management in a separate letter dated June 5, 2001.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Bernard Parish Home Mortgage Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our 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 misstatements in amounts that would be material 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of St. Bernard Parish Home Mortgage Authority's Board of Trustees, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24: 513, this report is distributed by the Legislative Auditor as a public document.

*Duplantier, Hapmann, Hogan & Maher LLP*

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY  
SUMMARY SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED MARCH 31, 2001

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of St. Bernard Parish Home Mortgage Authority for the year ended March 31, 2001 was unqualified.
2. Internal Control  
Material weaknesses: none noted  
Reportable conditions: none noted
3. Compliance  
Noncompliance material to financial statements: none noted

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED GOVERNMENT  
AUDITING STANDARDS:

None

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY  
 SCHEDULE OF PRIOR YEAR FINDINGS  
 FOR THE YEAR ENDED MARCH 31, 2001

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED GOVERNMENT  
 AUDITING STANDARDS:

2000-01 - Transaction Dates

It was noted during the prior year audit that some transactions for the payment of bond principal and interest appeared to have been made after the required due date. According to the trustee, the payments for bond principal and interest were actually made timely from a different trust account. This trust account was reimbursed from the Authority's trust accounts after the payment of the principal and interest. Accordingly, the Authority's trust accounts did not report the actual transactions on the proper date and caused the month-end balances per the trust statements to be incorrect at year end. Following is a schedule of the dates due and dates transferred:

<u>Date Due</u>	<u>Date Transferred</u>	<u>Bond Issue</u>	<u>Principal</u>	<u>Interest</u>
04-25-99	04-26-99	1991	\$ 16,996.24	\$ 8,556.50
05-25-99	07-30-00	1991	48,335.93	8,443.39
06-25-99	06-28-99	1991	87,034.98	8,121.15
07-25-99	07-26-99	1991	52,710.29	7,674.25
09-25-99	09-27-99	1991	54,303.07	6,784.38
11-25-99	11-26-99	1991	25,275.79	6,311.79
12-25-99	12-27-99	1991	53,009.84	5,958.40
01-25-00	02-01-00	1991	38,566.36	--
03-25-00	04-03-00	1991	25,767.23	5,467.09
05-01-99	05-17-99	1992	6,791.66	3,666.68
07-01-99	07-29-99	1992	9,825.87	--
07-01-99	08-03-99	1992	--	3,585.81
08-01-99	08-02-99	1992	5,985.27	3,524.40
01-01-00	01-04-00	1992	6,549.26	--
01-01-00	01-03-00	1992	--	2,855.59

We recommended that the funds for the payment of bond principal and interest be transferred from the Authority's trust accounts to the trustee's bond payment account on the due date of the payments.

Payments for principal and interest were transferred timely in the fiscal year ending March 31, 2001.