HAMMOND-TANGIPAHOA HOME MORTGAGE AUTHORITY

JUNE 30, 2016

HAMMOND, LOUISIANA

TABLE OF CONTENTS

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Independent Auditor's Report

To the Board of Trustees
Hammond-Tangipahoa Home Mortgage Authority
Hammond, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activity of the Hammond-Tangipahoa Home Mortgage Authority (the Authority) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activity of the Hammond-Tangipahoa Home Mortgage Authority as of June 30, 2016, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Hammond-Tangipahoa Home Mortgage Authority's June 30, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 8, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Hammond-Tangipahoa Home Mortgage Authority's basic financial statements. The Schedule of Assets, Liabilities, and Net Position by Program (Schedule 1), Schedule of Revenues, Expenses, and Changes in Net Position by Program (Schedule 2), and Schedule of Cash Flows by Program (Schedule 3) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Assets, Liabilities, and Net Position by Program (Schedule 1), Schedule of Revenues, Expenses, and Changes in Net Position by Program (Schedule 2), and Schedule of Cash Flows by Program (Schedule 3) are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Assets, Liabilities, and Net Position by Program (Schedule 1), Schedule of Revenues, Expenses, and Changes in Net Position by Program (Schedule 2), and Schedule of Cash Flows by Program (Schedule 3) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reported dated October 6, 2016, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hammond-Tangipahoa Home Mortgage Authority's internal control over financial reporting and compliance.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
October 6, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of Hammond-Tangipahoa Home Mortgage Authority's (the "Authority") financial performance presents a narrative overview and analysis of the Authority's financial activities for the year ended June 30, 2016 (the "Current fiscal year"). This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the Authority's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- During the beginning of the current fiscal year, low mortgage loan interest rates continued to cause the Authority's mortgage loans to first time home buyers to be prepaid but at a slower pace than the prior fiscal year. Prepayments from mortgage loans (as the underlying collateral for the Mortgage Backed Securities) are used to retire bonds prior to their maturity. Fewer assets results in lower mortgage related interest income and fewer bonds results in lower bond interest expense. However, during the current fiscal year the Authority sold the Securitized Mortgage Loans held by the Trustee as collateral for the 2006 bond issue and called the outstanding bonds.

- Total Assets decreased by $2,679,008 primarily due to a $2,828,348 decrease in Securitized Mortgage Loans due to the sale of said Securitized Mortgage Loans. Total Liabilities decreased $2,617,478 primarily due to a reduction of $2,614,028 in bonds payable from funds received from the sale of the Securitized Mortgage Loans.

- The Authority's assets exceeded its liabilities at the close of the current fiscal year by $1,427,196, which represents a $61,530 decrease from the prior fiscal year.

- The Authority's gross revenue (exclusive of the "Change in Market Value of Securitized Loans and Other Investments") decreased $44,505 due primarily to a $60,178 decrease in interest income on securitied mortgage loans and an increase in "Other Income" of $12,616.

- There was a $47,450 increase in the changes in net position from the prior fiscal year.

- There was a Net Loss of $35,573 in the current fiscal year as compared to a Net Loss of $7,158 in the prior fiscal year (excluding the effects of the Change in Market Value of Securitized Loans and Other Investments).

OVERVIEW OF THE FINANCIAL STATEMENTS

These basic financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and the supplemental information.

Basic Financial Statements

The basic financial statements include information on a combined basis for the Authority as a whole, in a format designed to make the statements easier for the reader to understand. The statements include the Balance Sheet; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Balance Sheet presents the assets and liabilities separately. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of the Authority is improving or deteriorating. Schedules of Assets, Liabilities and Net Position by Program is on page 19.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the Authority's net position changed as a result of the current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods. Schedules of Revenues, Expenses and Changes in Net Position by Program is on page 20.

The Statement of Cash Flows presents information showing how the Authority's cash changed as a result of the current year's operations. The cash flow statement is prepared using the direct method and includes the reconciliation of net income (loss) to net cash provided by (used in) operating activities (indirect method) as required by Statement No. 34 of the Governmental Accounting Standards Board. Schedules of Cash Flow by Program is on pages 21 and 22.

FINANCIAL ANALYSIS OF THE AUTHORITY

Hammond-Tangipahoa Home Mortgage Authority
Statement of Net Assets
as of June 30, 2016 and 2015

	2016	2015	Increase (Decrease)
Cash & Cash Equivalents	$ 522,645	$ 342,944	$ 179,701
Certificates of Deposit	727,503	702,521	24,982
Investments	205,622	250,138	(44,516)
Securitized Mortgage Loans	-	2,828,348	(2,828,348)
Accrued Interest Receivable	2,555	13,382	(10,827)
Total Assets	1,458,325	4,137,333	(2,679,008)
Other Liabilities	31,129	34,579	(3,450)
Long-Term Debt Outstanding	-	2,614,028	(2,614,028)
Total Liabilities	31,129	2,648,607	(2,617,478)
Net Position:			
Restricted	-	307,742	(307,742)
Unrestricted	1,427,196	1,180,984	246,212
Total Net Position	$1,427,196	$ 1,488,726	$ (61,530)

Restricted net position represents those assets that are not available for general use due to the terms of the various bond trust indentures under which assets are held and pledged as security for the bonds of the Authority's Mortgage Revenue Bond Programs. Conversely, unrestricted net position are those assets for which there are no such limitations.

Net position of the Authority decreased by $61,530 from June 30, 2015 to June 30, 2016.

Hammond-Tangipahoa Home Mortgage Authority
Condensed Statement of Changes in Net Position
For the Years Ended June 30, 2016 and 2015

	2016	2015	Increase (Decrease)
Revenues	$ 109,730	$ 78,370	$ 31,360
Expenses - Operating	171,260	187,350	(16,090)
Change in Net Position	$(61,530)	$(108,980)	$ 47,450

Revenue

The Authority's revenues inreased primarily due to a increase in the change in Market Value of Securitized Loans and Other Investments of $75,865 and a decrease in interest earned on Mortgage Loans and Other Investments of $57,121. Operating expenses decreased by $16,090 primarily as a result of a reduction in interest paid on the Long-Term Debt.

The Authority's total revenues exclusive of the "Change in Market Value of Securitized Loans and Other Investments" decreased by $44,505 due primarily to a $60,178 decrease in interest earned on securitized mortgage loans. The total operating cost of all programs and services decreased by $16,090.

Debt

The Authority had zero bonds outstanding at the end of the current fiscal year, compared to $2,614,028 at the end of the prior fiscal year, as shown in the table below:

	2016	2015	Increase (Decrease)
Mortgage Revenue Bonds	$ -	$2,614,028	$(2,614,028)

The net decreased debt level resulted from the early retirement of the bonds from sale of the mortgage related assets.

The Authority has accounts payable and accrued interest payable of $31,129 outstanding at the current fiscal year end compared with $15,358 at the prior fiscal year end.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Authority's appointed officials considered the following factors and indicators when setting next year's budget. These factors and indicators include:

Based on declining demand the Authority did not issue any bonds during the current fiscal year and has no plans to do so during the upcoming fiscal year.

CONTACTING THE HAMMOND-TANGIPAHOA HOME MORTGAGE AUTHORITY MANAGEMENT

This financial report is designed to provide Louisiana's citizens and taxpayers, as well as the Authority's customers and creditors with a general overview of the Hammond-Tangipahoa Home Mortgage Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

Stan Dameron
Chairman
P O Box 1605
Hammond, LA. 70404
985-898-0206

HAMMOND-TANGIPAHOA HOME MORTGAGE AUTHORITY

BALANCE SHEET

AS OF JUNE 30, 2016
(WITH COMPARATIVE TOTALS AS OF JUNE, 2015)

ASSETS

	2016	2015
Cash and Cash Equivalents	$ 522,645	$ 342,944
Certificates of Deposit	727,503	702,521
Investments	205,622	250,138
Securitized Mortgage Loans	-	2,828,348
Accrued Interest Receivable	2,555	13,382
Total Assets	$ 1,458,325	$ 4,137,333

LIABILITIES AND NET POSITION

	2016	2015
Liabilities:		
Accrued Interest Payable	$ -	$ 10,358
Accounts Payable	31,129	5,000
Unearned Servicing Release Fees	-	19,221
Bonds Payable - Net	-	2,614,028
Total Liabilities	31,129	2,648,607
Net Position:		
Restricted for MRB Programs	-	307,742
Unrestricted	1,427,196	1,180,984
Total Net Position	1,427,196	1,488,726
Total Liabilities and Net Position	$ 1,458,325	$ 4,137,333

The accompanying notes are an integral part of this statement.

HAMMOND-TANGIPAHOA HOME MORTGAGE AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	2016	2015
Operating Revenues:		
Mortgage Loan Income:		
Interest Earned	$ 90,803	$ 150,981
Change in Market Value-Securitized Loans	(40,568)	(102,036)
Investment Income:		
Interest Earned	25,663	22,606
Change in Market Value-Investments	14,611	214
Other Income	19,221	6,605
Total Operating Revenues	109,730	78,370
Operating Expenses:		
Interest	91,125	130,967
Legal and Professional fees	52,050	19,900
Accounting and Audit Costs	15,487	16,470
Board Meeting Expenses and Per Diem	4,800	5,400
Other Expenses	7,798	14,613
Total Operating Expenses	171,260	187,350
Change in Net Position	(61,530)	(108,980)
Net Position - Beginning of Year	1,488,726	1,597,706
Net Position - End of Year	$ 1,427,196	$ 1,488,726

The accompanying notes are an integral part of this statement.

HAMMOND-TANGIPAHOA HOME MORTGAGE AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	2016	2015
Cash Flows From Operating Activities:		
Cash Receipts for:		
Investment and Mortgage Loan Income	$ 127,293	$ 181,371
Program Mortgage Principal Collections and Sales Proceeds	2,746,331	884,210
Cash Payments for:		
Interest on Debt	(111,276)	(152,138)
Other Expenses	(54,005)	(56,383)
Net Cash Provided by Operating Activities	2,708,343	857,060
Cash Flows From Investing Activities:		
Purchase of Certificates of Deposits	-	(700,000)
Proceeds from Maturities, Sales and Paydowns of Investments	34,144	136,541
Net Cash Provided by (Used in) Investing Activities	34,144	(563,459)
Cash Flows From Noncapital Financing Activities:		
Bond Redemptions	(2,562,786)	(880,615)
Net Cash Used in Noncapital Financing Activities	(2,562,786)	(880,615)
Net Increase (Decrease) in Cash and Cash Equivalents	179,701	(587,014)
Cash and Cash Equivalents at Beginning of Year	342,944	929,958
Cash and Cash Equivalents at End of Year	$ 522,645	$ 342,944

(CONTINUED)

HAMMOND-TANGIPAHOA HOME MORTGAGE AUTHORITY

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	2016	2015
Cash Flows From Operating Activities:		
Change in Net Position	$ (61,530)	$ (108,980)
Adjustments to Reconcile Change in Net Position to Net Cash Provided by Operating Activities:		
Amortization of Mortgage Loan Premium	-	5,245
Amortization of Bond Premium, Net of Call Premium	(9,793)	(17,612)
Amortization of Unearned Servicing Release Fees	(19,221)	(6,605)
Net Realized and Unrealized (Gains) Losses on Investments	25,957	101,822
Mortgage Loan Principal Payments Received and Sales Proceeds	2,746,331	884,210
Changes in Assets and Liabilities:		
(Increase) Decrease in Accrued Interest and Other Receivable	10,827	2,539
Increase (Decrease) in Accrued Interest and Other Payable	15,772	(3,559)
Net Cash Provided by Operating Activities	$ 2,708,343	$ 857,060

The accompanying notes are an integral part of this statement.

(1) Summary of Significant Accounting Policies

(A) Organization of Authority -

The Hammond-Tangipahoa Home Mortgage Authority (the Authority) is a public trust created through a Trust Indenture dated February 20, 1979. The Authority's primary purpose is to provide funds to enable qualifying low and moderate income persons to purchase or, under certain circumstances, improve single unit, owner-occupied residences in the Parish of Tangipahoa, Louisiana. The Authority achieves this purpose by purchasing qualifying mortgage loans made to such persons by participating mortgage lenders.

The Authority uses the proceeds of issuance of bonds payable to fund the purchase of mortgage loans or GNMA and FNMA certificates which are backed by qualifying mortgage loans. This practice is carried out through the creation of programs (MRB programs) which are periodically sponsored by the Authority, based upon the housing demand of the geographic region. The bonds issued by the Authority are limited obligations of the Authority, payable only from revenues and receipts derived from the mortgage loans and other assets held under and pursuant to the trust indenture.

The Authority is managed by a board of trustees appointed by the City Council of Hammond, Louisiana.

(B) Measurement Focus, Basis of Accounting, and Financial Statement Presentation -

Financial Reporting Entity

GASB Statement 61 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of these Statements, the Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. The Authority also has no component units, defined by GASB Statement 61 as other legally separate organizations for which the Authority members are financially accountable.

Measurement Focus - The Authority’s basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards. These statements established standards for external financial reporting for all state and local governmental entities which includes a statement of net position, a statement of activities and changes in net position and a statement of cash flows.

The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position. The Authority has no governmental or fiduciary funds.

Basis of Accounting - The Authority uses the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred or economic asset used.

The Authority's principal operating revenues are the interest and change in fair value related to investments and mortgage backed securities.

The Authority complies with accounting principles generally accepted in the United States of America (GAAP) by applying all relevant Governmental Accounting Standards Board (GASB) pronouncements. As the Authority and its mortgage revenue bond programs are considered to be proprietary fund types, the Authority follows the guidance included in GASB Statement No. 62 - *Codification of Accounting and Financial Reporting Guidance Contained In Pre-November 1989 FASB and AICPA Pronouncements.*

Proprietary fund types are used to account for governmental activities that are similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration. The accounting principles generally accepted in the United States of America (GAAP) used for proprietary funds are generally those applicable to similar businesses in the private sector (accrual basis of accounting). Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and expenses are recognized when incurred.

The following funds are maintained by the Authority:

Residual Fund

This fund provides for the accounting of general and administrative expenses of the Authority, any allowable transfers from other funds, investment interest income, and various types of fees. Assets of this fund are generally unrestricted and may be utilized for any lawful purpose of the Authority.

Mortgage Revenue Bond Funds (MRB Programs)

These funds were established to account for the various trust accounts created pursuant to the terms of the trust indentures of MRB programs. The various accounts within the funds provided for the custody of assets and the payment of the debt service requirements and are aggregated in the accompanying financial statements. In 2016, the Board of the Authority passed a resolution to sell all mortgage backed securities and to use the proceeds to redeem the remaining balance on the bonds outstanding. See notes 4 and 5 for further discussion on the sale of mortgage backed securities and redemption of bonds outstanding.

The above funds are presented on a combined basis in these financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Investment Securities and Securitized Mortgage Loans

Investment securities and securitized mortgage loans are stated at fair value based on quoted market prices. The change in unrealized gain or loss is recognized as a component of income. Amortization of premium and accretion of discount are computed on a method that approximates the interest method over the life of each security.

Bonds Payable

Bonds payable are stated net of the unamortized discount or premiums which is amortized on a method that approximates the interest method over the estimated lives of the bonds. As discussed in Note 5, all remaining bonds payable were redeemed in the current fiscal year.

Statement of Cash Flows

For purposes of reporting cash flows, cash and cash equivalents include certificates of deposit and all highly liquid debt instruments with maturities of three months or less when purchased.

Summary Financial Information for 2015

The financial statements include certain prior year summarized information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in connection with the Authority's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

(2) Cash and Cash Equivalents

Cash and certificates of deposit (with a maturity of less than three months) are stated at cost which approximates market value. Permissible types of cash instruments for the Mortgage Revenue Bond Funds (MRB programs) are stipulated in the respective trust indentures. State statutes set forth the permissible types of cash instruments for the general fund. Under the statutes, the Authority may deposit funds in state banks organized under the laws of Louisiana and national banks with principal offices located within Louisiana. The Authority also has funds classified as "Cash and Cash Equivalents" on the Balance Sheet which represent interest in money market mutual funds.

Deposits in financial institutions including those on deposit at the Trustee Banks may be exposed to custodial credit risk. Custodial credit risk is the risk that funds may not be recovered by a depositor upon failure of the financial institution. At June 30, 2016, the Authority had bank deposits (consisting of demand deposits and U.S. Treasury money market funds) with aggregate bank balances of $523,583 and carrying amounts of $522,645. None of the Authority's bank balances was exposed to custodial credit risk as of June 30, 2016 since it was completely insured by FDIC/SIPC insurance or invested in United States Treasury backed money market funds.

(3) Investments and Long-Term Certificates of Deposits -

The Authority's investments including Long-Term Certificates of Deposits at June 30, 2016 are recorded at fair value as summarized below:

Investment Type/Issuer	Amortized Cost	Fair Value	Credit Quality Rating	% of Investments (Fair Value)	Expected Maturity/ Duration
Certificates of Deposit	$ 700,000	$ 727,503	Not Rated	77.95%	1-10 years
Municipal Bond - Public Impt.	25,000	26,097	A-	2.80%	6-10 years
Government National Mortgage Association	49,735	52,320	AAA	5.61%	1-5 years
Federal National Mortgage Association	79,407	81,791	AAA	8.77%	1-5 years
Municipal Bond-Refunding	45,000	45,414	AAA	4.87%	1-5 years
Total Investments	$ 899,142	$ 933,125		100.00%	

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, an entity will not be able to recover the value of its investments that are in possession of an outside party. At June 30, 2016, the Authority's investments in government debt obligations are not subject to custodial credit risk. As of June 30, 2016, none of the Authority's certificates of deposit balance of $727,503 was exposed to custodial risk because it was completely covered by FDIC insurance.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will be unable to meet its obligations. Bond ratings from the nationally recognized rating agencies provide an indicator of the credit risk of debt annuities. Credit risk is minimized by investing in U.S. Government Agency obligations which carry the explicit guarantee of the U.S. government.

Interest Rate Risk: The risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority measures and monitors this risk by investing in the majority of securities with an expected maturity of 1 to 10 years, taking into consideration the prepayment speed of mortgage backed securities which can result in an expected maturity well ahead of the contractual maturity.

(4) Securitized Mortgage Loans

The various loans of the 2006 MRB programs were pooled and securitized into GNMA and FNMA securities. These securities had pass-through rates of 5.05% and were guaranteed as to timely payment of principal and interest by the Government National Mortgage Association and Federal National Mortgage Association. The underlying loans backing the GNMA and FNMA securities were collateralized by mortgages on single unit, owner-occupied residences located in the Parish of Tangipahoa, Louisiana. The loans, which had scheduled maturities of approximately 30 years, were serviced by a master servicer. In April 2016 the Authority sold all securitized mortgage loans and used the proceeds to redeem the outstanding bonds payable as discussed in Note 5.

(5) Bonds Payable

The Authority issues revenue bonds to assist in the financing of housing needs in the Parish of Tangipahoa, State of Louisiana. The bonds were limited obligations of the Authority, payable only from the assets, income, revenues and receipts derived from the mortgage loans and other investments held under and pursuant to the trust indentures and pledged therefore. The issuance of debt for the financing of projects by the Authority is subject to the approval of the Louisiana State Bond Commission. Bonds are issued under various bond resolutions adopted by the Authority to provide financing for qualified single family residences. In June 2016 the Authority redeemed all outstanding bonds using proceeds from the sale of the securitized mortgage loans. The bond redemption price included a call premium of $41,449 or 2% of the outstanding balance of the bonds. This amount is included in interest expense in these financial statements.

Long-term debt activity for the year ended June 30, 2016 is as follows:

	Balance June 30, 2015	Debt Issued	Debt Retired	Balance June 30, 2016
2006 Term Bonds, 4.85%, Due 2039	$ 2,562,786	$ -	$ (2,562,786)	$ -
Add: Issuance Premium	51,242	-	(51,242)	-
	$ 2,614,028	$ -	$ (2,614,028)	$ -

(6) Board of Trustees Expenses

The appointed members of the Authority's Board of Trustees receive a per diem payment for meetings attended and services rendered, and are also reimbursed for their actual expenses incurred in the performance of their duties as Trustees. For the year ended June 30, 2016, the following per diem payments were made to the members of the Authority's Board:

Stan Dameron	$ 1,200
Sandy Davis	1,200
Andrew Gasaway	1,200
Stella Remble	1,200
	$ 4,800

(7) Schedule of Compensation, Benefits, and Other Payments to Chairman of the Board of Trustees

In accordance with Louisiana Revised Statue 24:513A, the following is a Schedule of Compensation and Benefits received by Stan Dameron, Chairman of the Board of Directors, who was the acting agency head for the year ended June 30, 2016:

Per Diem	$ 1,200
Benefit Insurance	-
Travel Reimbursements	-
Conferences	-
Meals	-
Total Compensation	$ 1,200

SUPPLEMENTARY INFORMATION

HAMMOND-TANGIPAHOA HOME MORTGAGE AUTHORITY

SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION BY PROGRAM

AS OF JUNE 30, 2016
(WITH COMPARATIVE TOTALS AS OF JUNE, 2015)

	Residual Fund	2006 Mortgage Revenue Bond Fund	2016 Total	2015 Total
ASSETS				
Cash and Cash Equivalents	$ 255,231	$ 267,414	$ 522,645	$ 342,944
Certificates of Deposit	727,503	-	727,503	702,521
Investments	205,622	-	205,622	250,138
Securitized Mortgage Loans	-	-	-	2,828,348
Accrued Interest Receivable	2,555	-	2,555	13,382
Total Assets	$ 1,190,911	$ 267,414	$ 1,458,325	$ 4,137,333
LIABILITIES AND NET POSITION				
Liabilities:				
Accrued Interest Payable	$ -	$ -	$ -	$ 10,358
Accounts Payable	18,629	12,500	31,129	5,000
Unearned Servicing Release Fees	-	-	-	19,221
Bonds Payable - Net	-	-	-	2,614,028
Total Liabilities	18,629	12,500	31,129	2,648,607
Net Position:				
Restricted for MRB Programs	-	-	-	307,742
Unrestricted	1,172,282	254,914	1,427,196	1,180,984
Total Net Position	1,172,282	254,914	1,427,196	1,488,726
Total Liabilities and Net Position	$ 1,190,911	$ 267,414	$ 1,458,325	$ 4,137,333

See independent auditor's report.

Schedule 2

HAMMOND-TANGIPAHOA HOME MORTGAGE AUTHORITY

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY PROGRAM

FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	Residual Fund	2006 Mortgage Revenue Bond Fund	2016 Total	2015 Total
Operating Revenues:				
Mortgage Loan Income:				
Interest Earned	$ -	$ 90,803	$ 90,803	$ 150,981
Change in Market Value - Securitized Loans	-	(40,568)	(40,568)	(102,036)
Investment Income:				
Interest Earned	25,322	341	25,663	22,606
Change in Market Value-Investments	14,611	-	14,611	214
Other Income	-	19,221	19,221	6,605
Total Operating Revenues	39,933	69,797	109,730	78,370
Operating Expenses:				
Interest	-	91,125	91,125	130,967
Legal and Professional fees	20,550	31,500	52,050	19,900
Accounting and Audit Costs	15,487	-	15,487	16,470
Board Meeting Expenses and Per Diem	4,800	-	4,800	5,400
Other Expenses	7,798	-	7,798	14,613
Total Operating Expenses	48,635	122,625	171,260	187,350
Operating Income (Loss)	(8,702)	(52,828)	(61,530)	(108,980)
Non-Operating Revenue (Expense):				
Transfers In (Out)	-	-	-	-
	-	-	-	-
Change in Net Position	(8,702)	(52,828)	(61,530)	(108,980)
Net Position - Beginning of Year	1,180,984	307,742	1,488,726	1,597,706
Net Position - End of Year	$ 1,172,282	$ 254,914	$ 1,427,196	$ 1,488,726

See independent auditor's report.

HAMMOND-TANGIPAHOA HOME MORTGAGE AUTHORITY

SCHEDULE OF CASH FLOWS BY PROGRAM

FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	Residual Fund	2006 Mortgage Revenue Bond Fund	2016 Total	2015 Total
Cash Flows From Operating Activities:				
Cash Receipts for:				
Investment and Mortgage Loan Income	$ 25,387	$ 101,906	$ 127,293	$ 181,371
Program Mortgage Principal Collections and Sales Proceeds	-	2,746,331	2,746,331	884,210
Cash Payments for:				
Interest on Debt	-	(111,276)	(111,276)	(152,138)
Other Expenses	(35,005)	(19,000)	(54,005)	(56,383)
Net Cash Provided by (Used In) Operating Activities	(9,618)	2,717,961	2,708,343	857,060
Cash Flows From Investing Activities:				
Purchase of Certificates of Deposit	-	-	-	(700,000)
Proceeds from Maturities, Sales and Paydowns of Investments	34,144	-	34,144	136,541
Net Cash Provided by (Used in) Investing Activities	34,144	-	34,144	(563,459)
Cash Flows From Noncapital Financing Activities:				
Bond Redemptions	-	(2,562,786)	(2,562,786)	(880,615)
Net Cash Used in NonCapital Financing Activities	-	(2,562,786)	(2,562,786)	(880,615)
Net Increase (Decrease) in Cash and Cash Equivalents	24,526	155,175	179,701	(587,014)
Cash and Cash Equivalents at Beginning of Year	230,705	112,239	342,944	929,958
Cash and Cash Equivalents at End of Year	$ 255,231	$ 267,414	$ 522,645	$ 342,944

(CONTINUED)

HAMMOND-TANGIPAHOA HOME MORTGAGE AUTHORITY

SCHEDULE OF CASH FLOWS BY PROGRAM (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	Residual Fund	2006 Mortgage Revenue Bond Fund	2016 Total	2015 Total
Cash Flows From Operating Activities:				
Change in Net Position	$ (8,702)	$ (52,828)	$ (61,530)	$ (108,980)
Adjustments to Reconcile Change in Net Position to Net Cash Provided by (Used in) Operating Activities:				
Amortization of Mortgage Loan Premium	-	-	-	5,245
Amortization of Bond Premium, Net of Call Premium	-	(9,793)	(9,793)	(17,612)
Amortization of Unearned Servicing Release Fees	-	(19,221)	(19,221)	(6,605)
Net Realized and Unrealized (Gains) Losses on Investments	(14,611)	40,568	25,957	101,822
Mortgage Loan Principal Payments Received and Sales Proceeds	-	2,746,331	2,746,331	884,210
Changes in Assets and Liabilities:				
(Increase) Decrease in Accrued Interest Receivable and Other	65	10,762	10,827	2,539
Increase (Decrease) in Accrued Interest Payable and Accounts Payable	13,630	2,142	15,772	(3,559)
Net Cash Provided by (Used In) Operating Activities	$ (9,618)	$ 2,717,961	$ 2,708,343	$ 857,060

See independent auditor's report.

Independent Auditor's Report On
Internal Control Over Financial Reporting
And On Compliance And Other Matters
Based On An Audit Of Financial Statements Performed
In Accordance With *Government Auditing Standards*

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Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

To the Board of Trustees
Hammond-Tangipahoa Home Mortgage Authority
Hammond, Louisiana

We have audited, in accordance with the 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, the financial statements of the business-type activity of the Hammond-Tangipahoa Home Mortgage Authority (the Authority) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 6, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose; however, under Louisiana Revised Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
October 6, 2016

HAMMOND-TANGIPAHOA HOME MORTGAGE AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED JUNE 30, 2016

(A) Findings - Internal Control Over Financial Reporting

None.

(B) Findings - Compliance and Other Matters

None.

HAMMOND-TANGIPAHOA HOME MORTGAGE AUTHORITY

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2016

(A) Findings -Internal Control Over Financial Reporting -

None.

(B) Findings-Compliance and Other Matters

None.