

Louisiana Public Facilities Authority

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1996

Loan Guarantor

At December 31, 1996, the Authority has guaranteed the repayment of up to \$1,200,000 in loans made by the Louisiana Public Facilities Authority Super Trust Origination Program Trust, of which the Authority is the beneficiary.

Note 7 - Escrow Deposits -

An escrow deposit was established in the amount of \$100,000 and was deposited with American Bank and Trust Company (predecessor to Hancock Bank) as escrow agent for the 1984 Supplemental Student Loan Revenue Bonds, Series B and C. At the end of each calendar year, the Escrow Agent is to disburse to the Authority the excess of the balance of the Escrow Deposit over the aggregate amount of principal outstanding on the "Rejected Loans" of this program plus 120 days interest thereon computed at 36% per annum. At December 31, 1996, \$3,949 was due from the Escrow Agent and is included as an Other Receivable. The balance remaining with the Escrow Agent at December 31, 1996 is \$6,034, of which \$1,800 has been reserved by the Authority as uncollectible and the net amount of \$4,234 is included in the financial statements as an Other Asset.

Note 8 - Fund Equity -

Net Unrealized Gain on Marketable Debt and Equity Securities:

The Authority reserves fund equity for a valuation allowance which adjusts the carrying value of available for sale investment securities to fair value. As of December 31, 1996 no valuation allowance was required.

Reserved Retained Earnings:

The Authority records reserves to indicate that a portion of the undesignated retained earnings has been appropriated for future use. In past years, funds have been reserved for grants authorized and approved for disbursement in future periods. As of December 31, 1996, there were no outstanding grants approved that were unfunded.

Designated and Undesignated Retained Earnings:

Due to the wording of certain bond indentures, the residuals from these indentures are required to be used for future "similar" public purpose Program or Programs. As the Program and/or Programs are not in existence at the end of a year, and the Authority has tentative plans for future "similar" Public Purpose Programs, the residuals of these bond indentures are considered Designated for Future Programs. At December 31, 1996, the Authority had no designated retained earnings.

Louisiana Public Facilities Authority

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1996

Management determines the appropriate classification of securities at the date individual investment securities are acquired, and that the appropriateness of such classification be reassessed at each balance sheet date. Classification of investment securities and the related accounting policies are as follows:

- Held-to-maturity securities consist solely of debt securities which the Authority has the positive intent and ability to hold to maturity and are stated at amortized cost.
- Available-for-sale securities consist of debt securities and marketable equity securities not classified as trading or held-to-maturity. Available-for-sale securities are stated at fair value, and unrealized holding gains and losses, are reported as a separate component of fund equity.
- Premiums and discounts on investments in debt securities are amortized utilizing the straight-line method over their contractual lives. Use of this method does not result in a material difference from the interest method required by generally accepted accounting principles. Interest on debt securities is recognized in income as earned, and dividends on marketable equity securities are recognized in income when declared. Realized gains and losses, including losses from declines in value of specific securities determined by management to be other-than-temporary, are included in income. Realized gains and losses are determined on the basis of the specific securities sold.
- Transfers of debt securities into the held-to-maturity classification from the available-for-sale classification are made at fair value on the date of transfer. The unrealized holding gain or loss on the date of transfer is retained in the separate component of fund equity and in the carrying value of the held-to-maturity securities. Such amounts are amortized over the remaining contractual lives of the securities utilizing the straight-line method.
- The fair value for cash and cash equivalents is based on a reasonable estimate of fair value. The fair value of investments is based on quoted market prices or dealer quotes, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar investments.

INDEPENDENT AUDITOR'S  
REPORT ON THE SCHEDULE  
OF PER DIEMS PAID TRUSTEES

SUPPLEMENTARY INFORMATION

Louisiana Public Facilities Authority

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1996

Retained Earnings which has no restrictions on its usage is termed Unreserved-Undesignated.

Note 9 - Fair Value of Reimbursable Bond Issuance Costs -

In its capacity as issuer of bond Programs and Projects, the Authority may from time to time advance funds to facilitate the issuance of certain bonds. These advances or Reimbursable Bond Issuance Costs are interest free and are to be repaid with residual proceeds from the individual Programs or Projects.

The fair value for these Reimbursable Bond Issuance Costs are estimated using discounted cash flow analyses, with interest rates similar to the rate of return that the Authority receives on its investments. The terms used in calculating discounted cash flows are estimated based upon the maturity dates of the bond issues in which monies were advanced. The carrying value and fair value of Reimbursable Bond Issuance Costs are as follows:

	<u>CARRYING</u> <u>VALUE</u>	<u>FAIR</u> <u>VALUE</u>
Reimbursable Bond Issuance Costs	\$ 818,566	\$502,529

Louisiana Public Facilities Authority  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1996

Note 4 - Employee Retirement Plan -

The Authority sponsors a defined contribution employee retirement plan which covers all employees who have over 500 hours of service with the Authority. Contributions to the plan are subject to a minimum funding requirement of 7% of eligible employee salaries. Amounts above the minimum requirements are discretionary, as determined by the Board of Trustees. Total contributions are included in Employees' Salaries and Benefits in the accompanying financial statements. The Authority has no additional liability upon the retirement of an employee. The total contribution approved during the year ended December 31, 1996 was \$39,665.

Note 5 - Litigation -

Because of the Authority's status as an issuer of bonds, it is routinely named in various litigation related to the funded projects and programs. In the opinion of management and legal counsel for the Authority, these claims are without merit because of the Authority's limited position as only a conduit for the bond issues.

Note 6 - Commitments and Contingencies -

Gain Contingency

Beneficial Interest in Special Purpose, Non-Profit Corporations:

The Authority is a sole member in two Louisiana special purpose, non-profit corporations. These corporations were created to facilitate the perfection of certain obligations under repurchase agreements involved with the participating letter of credit banks associated with specific bond issues. The Authority, as sole member of these corporations, is the beneficiary of any remaining funds upon the dissolution of these corporations. The corporations, along with their respective cash balances as of December 31, 1996 are as follows:

DESCRIPTION	CASH BALANCE AS OF DECEMBER 31, 1996
Louisiana Capital Funding Corporation	\$ 16,013
Louisiana Equipment Finance Corporation	<u>19,049</u>
Total Funds in Which the Authority has a Beneficial Interest	<u>\$ 35,062</u>

The above cash balances are not included in these financial statements.

Louisiana Public Facilities Authority  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1996

Cash Equivalents and Investments - The Authority's investments are categorized below to give an indication of the level of risk assumed by the Authority at year end. Category 1 includes deposits or 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.

	CATEGORY			CARRYING AMOUNT	FAIR VALUE	UNREALIZED (GAIN) LOSS
	1	2	3			
Operating Bank Account	\$ 73,026	\$ -	\$ -	\$ 73,026	\$ 73,026	\$ -
Investment Management Accounts:						
Money Market Accounts	-	-	4,010,802	4,010,802	4,010,802	-
Time Certificates of Deposit with Various Banks	3,444,000	-	-	3,444,000	3,444,000	-
Other Accounts:						
Money Market Accounts	-	-	964,647	964,647	964,647	-
Certificates of Deposit and Savings	26,974	363,003	-	389,977	389,977	-
Cash on Hand	-	-	150	150	150	-
	<u>\$3,544,000</u>	<u>\$363,003</u>	<u>\$4,975,599</u>	<u>8,882,602</u>	<u>8,882,602</u>	<u>-</u>
Held to Maturity Investments:						
U.S. Treasury Notes				3,400,919	3,409,104	(8,185)
Other				<u>59,072</u>	<u>59,072</u>	<u>-</u>
Total Held to Maturity Investments				<u>3,459,991</u>	<u>3,468,176</u>	<u>(8,185)</u>
				<u>\$12,342,593</u>	<u>\$12,350,778</u>	<u>\$ (8,185)</u>

Louisiana Public Facilities Authority  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1996

The amortized cost and fair value of debt securities classified as held to maturity investments, by contractual maturity, as of December 31, 1996 are as follows:

	AMORTIZED COST	FAIR VALUE
1997	\$1,397,879	\$1,402,019
1998	1,001,257	1,003,490
1999	501,783	504,690
2000	-	-
2001	559,072	557,977
	\$3,459,991	\$3,468,176

Cash, Cash Equivalents and Investments are included in the accompanying Balance Sheet under the following captions:

Cash and Cash Equivalents	\$ 5,932,602
Investment Bearing Deposits - Current	396,000
Investment Securities Held to Maturity - Current	1,397,878
Interest Bearing Deposits - Long-Term	2,554,000
Investment Securities Held to Maturity - Long-Term	2,062,113
	\$12,342,593

Note 3 - Leases -

In January 1996, the Authority moved to a new office and entered into a three year operating lease. Rental expense applicable to the Authority's offices included in rent expense for 1996 was \$107,006.

Future minimum lease payments under the current office lease are as follows:

1997	\$ 97,981
1998	97,981
1999	4,083
	\$ 200,045



Louisiana Public Facilities Authority  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1996

E. Basis of Accounting

Assets, liabilities, retained earnings, revenue and expenses are recognized on the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

F. Operating Revenues:

Program Investment Earnings

Program Investment Earnings consist primarily of residual funds of retired bond issues. Residual proceeds represent cash and investment balances of a bond issue which remain after the extinguishment of all obligations, including applicable arbitrage rebate to the federal government. The residuals are due to the Authority unless the issue's Indenture of Trust identifies another recipient. The residual funds are recognized as income to the Authority upon the termination of the issue's Indenture of Trust.

Project and Program Administrative Fees

Finance Acceptance Fee

The Authority requires a financing acceptance fee usually equal to one-tenth of one percent of the face amount of issued bonds. The financing acceptance fee covers general administration expenses incurred by the Authority. This fee is due upon the closing of a bond issue and is recorded as revenue at such time.

Multi-Family Annual Issuer Fees

The Authority assesses an annual issuer fee on all multi-family bond issues. The fee is based upon a percentage of the outstanding bond principal balance as of January 1 of each year. The percentage usually is either one-twentieth of one percent for pre 1985 issues or one-tenth of one percent for issues thereafter. The fee covers general administration expenses incurred by the Authority.

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**LOUISIANA PUBLIC FACILITIES AUTHORITY**

**DECEMBER 31, 1996**

**BATON ROUGE, LOUISIANA**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 JUN 18 1997

Louisiana Public Facilities Authority  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1996

B. Fund Accounting

The Authority has only one fund to which all accounts are organized and accounted for as a single entity. This fund is operated as an Enterprise Fund which is used to account for operations that are financed and operated in a manner similar to a private business.

C. Fixed Assets and Long-Term Liabilities

Depreciation and amortization of all fixed assets used by the Authority is charged as an expense against its operations. Depreciation and amortization has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Office Furniture and Equipment	5 - 7 Years
Leasehold Improvements	10 Years

All fixed assets are stated at historical costs.

On January 1, 1996, the Authority adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." Adoption of this new standard did not have a material effect on the Authority's financial statements taken as a whole.

D. Investment in Debt and Marketable Equity Securities

The Authority invests in debt and marketable equity securities. Debt securities consist primarily of obligations of the U.S. government. Marketable equity securities consist primarily of mutual funds with investments in U.S. government obligations.

In accordance with the provisions of FASB Statement 115, securities are divided into two separate classifications - held to maturity and available for sale. The Authority does not engage in trading activities.

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MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

1111 S. RANGE, SUITE 101  
DENHAM SPRINGS, LA 70725

February 28, 1997

To the Board of Trustees  
Louisiana Public Facilities Authority  
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Public Facilities Authority (the Authority), for the year ended December 31, 1996, and have issued our report thereon dated February 28, 1997.

We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Authority is the responsibility of the Authority's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. 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.

This report is intended for the information of the Board of Trustees, management and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

*Hannis T. Bourgeois & Co., L.L.P.*

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities 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 structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Trustees, management and the Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

Respectfully submitted,

*Stannis A. Bourgeois & Co., L.L.P.*

LIABILITIES AND FUND EQUITY

Current Liabilities:	
Accounts Payable	\$ 15,922
Accrued Expenses:	
Pension Contribution - Note 4	39,665
Payroll Taxes	<u>681</u>
	<u>40,346</u>
Total Current Liabilities	56,268
Commitments and Contingencies - Notes 3, 5 and 6	
Fund Equity - Note 8:	
Retained Earnings	
Unreserved - Undesignated	<u>13,435,076</u>
Total Fund Equity	<u>13,435,076</u>
Total Liabilities and Fund Equity	<u><u>\$13,491,344</u></u>

Louisiana Public Facilities Authority

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1996

Program Administrative Fees

The Authority acts as both the issuer and administrator for certain bond programs. The Authority is compensated as administrator through a fee based upon a percentage of either the outstanding bonds or assets of the program. The percentages vary from one-tenth of one percent to seven-tenths of one percent. The fee is assessed to cover program administrative costs incurred by the Authority.

Financing Application Fee

Effective January 1, 1996, the Authority began assessing a \$2,500 non-refundable finance application fee on all project financing applications formally submitted for consideration by the Authority's Board of Trustees.

G. Income Taxes

No provision is made for income taxes because, as a public trust of the State of Louisiana, the Authority is exempt from federal and state income taxes.

H. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

I. Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported period. Actual results could differ from those estimates.

Note 2 - Cash, Cash Equivalents and Investments -

The Authority maintains cash, certificates of deposit and investment pools available for use by the Authority.

Deposits - At year end the carrying amount of the Authority's deposits was \$73,026 and the bank balance was \$114,747. The entire bank balance was covered by federal deposit insurance.



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DENHAM SPRINGS, LA 70725

February 28, 1997

To the Board of Trustees  
Louisiana Public Facilities Authority  
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Public Facilities Authority (the Authority), for the year ended December 31, 1996, and have issued our report thereon dated February 28, 1997.

We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Authority is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Authority, for the year ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

# HANNIS T. BOURGEOIS & CO., L.L.P.

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February 28, 1997

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Louisiana Public Facilities Authority  
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Louisiana Public Facilities Authority (A Public Trust) as of December 31, 1996, as listed in the table of contents. 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 audit.

We conducted our audit 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 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Public Facilities Authority as of December 31, 1996, and the results of its operations and cash flows for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated February 28, 1997 on our consideration of the Authority's internal control structure and a report dated February 28, 1997, on its compliance with laws and regulations.

Respectfully submitted,

*Hannis T. Bourgeois & Co., L.L.P.*

## Louisiana Public Facilities Authority

BALANCE SHEET

as of December 31, 1996

ASSETS

## Current Assets:

Cash and Cash Equivalents - Note 2 \$ 5,932,602

Interest Bearing Deposits - Note 2 396,000

Investment Securities Held to Maturity - Note 2 1,397,878

## Receivables:

Advance Costs - Projects 5,255

Program Administrative Fees 100,759

Financing Appliance Fees 2,500

Accrued Interest and Dividend Receivable 87,925

Other - Note 7 3,949

200,388

Prepaid Expenses 20,053

Total Current Assets

7,946,921

## Property and Equipment:

Office Furniture and Equipment 657,696

Leasehold Improvements 3,800

661,496

Less: Accumulated Depreciation and  
Amortization (555,986)

105,510

Interest Bearing Deposits - Long-Term - Note 2 2,554,000

Investment Securities Held to Maturity -  
Long-Term - Note 2 2,062,113

## Receivables - Long-Term:

Reimbursable Bond Issuance Costs, Less

Allowance for Doubtful Accounts of

\$95,000 - Note 9 818,566

## Other Asset:

Escrow Deposit for 1984 Student Loan

Program, Less Allowance for Doubtful

Accounts of \$1,800 - Note 7 4,234

Total Assets

\$13,491,344

The accompanying notes are an integral part of this statement.

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## Louisiana Public Facilities Authority

STATEMENT OF REVENUES AND EXPENSES

for the year ended December 31, 1996

Operating Revenues:	
Program Investment Earnings	\$ 69,136
Project and Program Administrative Fees:	
Finance Acceptance Fees	191,660
Multi-Family Annual Issuer Fees	136,440
Program Administrative Fees	684,280
Financing Application Fees	30,000
Other Income	<u>81,765</u>
Total Operating Revenues	1,193,281
Operating Expenses:	
Legal and Accounting Services	96,161
Administrative Services	21,799
Employees' Salaries and Benefits - Note 4	652,255
Trustee Per Diems	60,600
Provision for Uncollectible Receivables and Collateral	
Escrow Deposits	6,583
Depreciation and Amortization	31,236
Rent - Note 3	107,006
Insurance	7,597
Office Expense	85,074
Dues and Subscriptions	40,822
Travel	53,511
Business Promotion and Economic Development	36,414
Other	<u>60,900</u>
Total Operating Expenses	1,259,958
Loss from Operations	(66,677)
Non-Operating Revenues (Expenses):	
Interest Income	737,655
Loss on Sale of Investments	(409,963)
Loss on Disposition of Fixed Assets	<u>(24,315)</u>
Total Non-Operating Revenues (Expenses)	303,377
Net Income	<u>\$ 236,700</u>

The accompanying notes are an integral part of this statement.

Louisiana Public Facilities Authority  
STATEMENT OF CHANGES IN FUND EQUITY  
 for the year ended December 31, 1996

	<u>NET UNREALIZED LOSS ON MARKETABLE DEBT AND EQUITY SECURITIES</u>	<u>RETAINED EARNINGS UNRESERVED- UNDESIGNATED</u>	<u>TOTAL</u>
Balance at January 1, 1996	\$ (229,372)	\$13,198,376	\$12,969,004
Operating Revenues	-	1,193,281	1,193,281
Less: Operating Expenses	-	(1,259,958)	(1,259,958)
Nonoperating Revenues	-	303,377	303,377
Net Change in Unrealized Loss on Marketable Debt and Equity Securities	<u>229,372</u>	<u>-</u>	<u>229,372</u>
Balance at Decem- ber 31, 1996	<u>\$ -</u>	<u>\$13,435,076</u>	<u>\$13,435,076</u>

The accompanying notes are an integral part of this statement.

Louisiana Public Facilities Authority  
STATEMENT OF CASH FLOWS  
 for the year ended December 31, 1996

Cash Flows From Operating Activities:	
Loss from Operations	\$ (66,677)
Adjustments to Reconcile Loss from Operations to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	31,236
Provision for Uncollectible Receivables and Collateral Escrow Deposits	6,583
Forfeited Escrow Deposits	(13,652)
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	257,637
(Increase) Decrease in Prepaid Expenses	4,393
(Increase) Decrease in Other Asset	3,062
Increase (Decrease) in Accounts Payable	(13,421)
Increase (Decrease) in Accrued Expenses	3,439
Increase (Decrease) in Escrow Deposits on Bond Issuance Costs	<u>(779)</u>
Net Cash Provided by Operating Activities	211,821
Cash Flows From Capital and Related Financing Activities:	
Purchase of Property and Equipment	<u>(89,921)</u>
Net Cash Used in Capital and Related Financing Activities	(89,921)
Cash Flows From Investing Activities:	
Purchase of Investment Securities	(4,967,238)
Proceeds from Sale and Maturities of Investment Securities	6,978,156
Interest on Investments and Cash Equivalents	<u>737,655</u>
Net Cash Provided by Investing Activities	<u>2,748,573</u>
Net Increase in Cash and Cash Equivalents	2,870,473
Cash and Cash Equivalents - Beginning of Year	<u>3,062,129</u>
Cash and Cash Equivalents - End of Year	<u>\$ 5,932,602</u>

Noncash Investing, Capital and Financing Activities:

During the current year, the Authority sold an investment which had been held as available for sale. The sale proceeds of \$2,928,901 and cost basis of \$3,338,864 resulted in a \$409,963 loss on sale of investment. Also, at the beginning of 1996, the Authority began leasing new office space. Leasehold improvements relating to the old office space were written-off. These leasehold improvements had an original cost of \$67,531 and had accumulated depreciation of \$43,216 resulting in a loss on the disposition of fixed assets of \$24,315.

The accompanying notes are an integral part of this statement.

Louisiana Public Facilities Authority

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

Note 1 - General Information and Summary of Significant Accounting Policies -

The Louisiana Public Facilities Authority (the Authority), a public trust, was organized on August 21, 1974, under the provisions of the Louisiana Public Trust Act R.S. 9:2341 et seq. The Authority operates under a Board of Trustees.

The purposes of the Authority are to promote, encourage and further the accomplishment of all activities which are or may become of benefit to the State of Louisiana and which have a public purpose. To accomplish these purposes, the Authority issues bonds which provide the proceeds for the furtherance and accomplishment of various public purposes. The issuance of such obligations has been accounted for through trustee accounts maintained with various banks appointed as trustees. The obligations are limited and special obligations of the Authority and, as such, the Authority does not normally have any claims to assets or liabilities relating to the Bond issues. Accordingly, such transactions are not included in the accompanying financial statements until such time as an asset or liability has been determined to exist relating to residual amounts. Total bond principal outstanding at December 31, 1996, for Programs and Projects was approximately \$1,015,000,000 and \$1,780,000,000, respectively.

The accounting and reporting policies of the Authority conform to generally accepted accounting principles applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517 and to the guides set forth in the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

This report includes the accounts which are controlled by or dependent on the Louisiana Public Facilities Authority's Board of Trustees. Control by or dependence on the Board was determined on the basis of budget adoption, authority to issue debt, election or appointment of governing body, and other general oversight responsibility. The accompanying financial statements only include the financial information of the Louisiana Public Facilities Authority and no other organization.



# HANNIS T. BOURGEOIS & CO., L.L.P.

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MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

1111 S. RANGE, SUITE 101  
DUNHAM SPRINGS, LA 70722

February 28, 1997

To the Board of Trustees  
Louisiana Public Facilities Authority  
Baton Rouge, Louisiana

We have audited the Financial Statements of the Louisiana Public Facilities Authority (the Authority) for the year ended December 31, 1996, and have issued our report thereon dated February 28, 1997. Our audit was made in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of per diems paid trustees for the year ended December 31, 1996, is presented for purposes of additional analysis and is not a required part of the financial statements of the Authority. The information in this schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully submitted,

*Hannis T. Bourgeois & Co., L.L.P.*

Louisiana Public Facilities Authority

SCHEDULE OF PER DIEMS PAID TRUSTEES

for the year ended December 31, 1996

Victor Bussie - Chairman	\$ -
Thomas A. Antoon - Vice Chairman	31,500
Lemon Coleman, Jr. - Secretary/Treasurer	12,000
Owen Brennan, Jr. - Assistant Secretary	10,500
Florice D. Barron - Assistant Secretary	<u>6,600</u>
	\$ <u>60,600</u>

INDEPENDENT AUDITOR'S REPORT ON THE  
INTERNAL CONTROL STRUCTURE BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

**FINANCIAL STATEMENTS**