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RAPIDES FINANCE AUTHORITY
RAPIDES PARISH POLICE JURY
Alexandria, Louisiana

Financial Statements
With Independent Auditor's Reports
As of July 31, 1996, and for the Year Then Ended
(With Comparative Totals For July 31, 1995)

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 4-2-97

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Herbie W. Way
Certified Public Accountant

RAPIDES FINANCE AUTHORITY
RAPIDES PARISH POLICE JURY
Alexandria, Louisiana

Financial Statements
With Independent Auditor's Reports
As of July 31, 1996, and for the Year Then Ended
(With Comparative Totals For July 31, 1995)

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HERBIE W. WAY
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Independent Auditor's Report

RAPIDES FINANCE AUTHORITY
RAPIDES PARISH POLICE JURY
Alexandria, Louisiana

I have audited the financial statements of the Rapides Finance Authority, a component unit of the Rapides Parish Police Jury, as of July 31, 1996 and 1995, and for the years then ended, as listed in the table of contents. These financial statements are the responsibility of the Rapides Finance Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Rapides Finance Authority at July 31, 1996 and 1995, and the results of operations and changes in cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated January 30, 1997, on my consideration of the Rapides Finance Authority's internal control structure and a report dated January 30, 1997, on its compliance with laws and regulations.

RAPIDES FINANCE AUTHORITY
RAPIDES PARISH POLICE JURY
Auditor's Report
July 31, 1996

My audit was made for the purpose of forming an opinion on the financial statements. The accompanying supplemental schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements of the Authority. Such information has been subjected to the procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Herbie W. Way

Herbie W. Way
Alexandria, Louisiana
January 30, 1997

RAPIDES FINANCE AUTHORITY
 RAPIDES PARISH POLICE JURY
 PROPRIETARY FUND TYPE - ENTERPRISE FUND

Balance Sheet, July 31, 1996
 With Comparative Totals For the Year Ended July 31, 1995

	July 31,	
	1996	1995
<u>ASSETS</u>		
Cash and cash equivalents	\$2,681,478	\$4,013,800
Investments	7,285,788	7,473,064
Loans receivable:		
Mortgage	1,435,880	1,661,193
Other	1,724,992	264,000
Accrued interest receivable	18,578	22,763
Prepaid insurance	786	918
	<u>\$13,147,502</u>	<u>\$13,435,738</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$5,218	
Bonds payable (net)	7,699,272	\$8,349,750
Deferred financing costs	(617,830)	(741,397)
Total Liabilities	<u>7,086,660</u>	<u>7,608,353</u>
Fund balance (retained earnings):		
Reserved per bond indentures	3,960,512	3,531,544
Unreserved/undesignated	2,100,330	2,295,841
Total Fund Balance	<u>6,060,842</u>	<u>5,827,385</u>
	<u>\$13,147,502</u>	<u>\$13,435,738</u>
TOTAL LIABILITIES AND FUND EQUITY		

The accompanying notes are an integral part of this statement.

RAPIDES FINANCE AUTHORITY
 RAPIDES PARISH POLICE JURY
 PROPRIETARY FUND TYPE - ENTERPRISE FUND

Statement of Revenues, Expenses and Changes in Retained Earnings
 For the Year Ended July 31, 1996
 With Comparative Totals For the Year Ended July 31, 1995

	<u>Year Ended July 31,</u>	
	<u>1996</u>	<u>1995</u>
<u>REVENUES</u>		
Interest on:		
Mortgage loans	\$119,928	\$145,432
Other loans	62,716	18,720
Investments	940,974	927,889
Other	18,084	32,067
Total revenues	<u>1,141,702</u>	<u>1,124,108</u>
<u>EXPENSES</u>		
Interest on bonded debt	766,797	910,690
Mortgage servicing fees	7,504	8,692
Trustee and administrative fees	101,454	63,946
Insurance	2,490	2,880
Other	30,000	10,000
Total expenses	<u>908,245</u>	<u>996,208</u>
<u>EXCESS OF REVENUES OVER EXPENSES</u>	233,457	127,900
<u>RETAINED EARNINGS AT BEGINNING OF YEAR</u>	<u>5,827,385</u>	<u>5,699,485</u>
<u>RETAINED EARNINGS AT END OF YEAR</u>	<u>\$6,060,842</u>	<u>\$5,827,385</u>

The accompanying notes are an integral part of this statement.

RAPIDES PARISH HOUSING AND MORTGAGE FINANCE AUTHORITY
 RAPIDES PARISH POLICE JURY
 PROPRIETARY FUND TYPE - ENTERPRISE FUND

Statement of Cash Flows
 For the Year Ended July 31, 1996
 With Comparative Totals For the Year Ended July 31, 1995

	<u>Year Ended July 31,</u>	
	<u>1996</u>	<u>1995</u>
<u>OPERATING ACTIVITIES</u>		
Excess of revenues over expenses	\$233,457	\$127,900
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Amortization of deferred financing costs	123,567	230,082
Amortization of premiums (discounts) on U.S. government securities	(432,059)	(432,059)
Amortization of (premiums) discounts on bonded debt	227,748	213,187
(Increase) decrease in accrued interest receivable	4,185	(2,992)
Increase (decrease) in accounts payable	5,218	
(Increase) decrease in prepaid insurance	132	127
Interest received on investments	(508,915)	(495,830)
Interest on bonds payable	589,659	467,418
Principal collected on mortgage loans	844,645	706,943
Principal collected on other loans	39,008	24,000
Net cash provided by operating activities	<u>1,126,645</u>	<u>838,776</u>
<u>INVESTING ACTIVITY</u>		
Interest received on investments	508,915	495,830
Loans to other governmental entities	<u>(1,500,000)</u>	
Net cash provided by investing activities	<u>(\$991,085)</u>	<u>\$495,830</u>
<u>NON-CAPITAL FINANCING ACTIVITIES</u>		
Interest on bonds payable	(589,659)	(467,418)
Bond redemptions	<u>(878,223)</u>	<u>(801,474)</u>
Net cash used in financing activities	<u>(1,467,882)</u>	<u>(1,268,891)</u>
<u>NET INCREASE (Decrease) IN CASH AND EQUIVALENTS</u>	(1,332,322)	65,715
<u>CASH EQUIVALENTS AT BEGINNING OF YEAR</u>	<u>4,013,800</u>	<u>3,948,085</u>
<u>CASH EQUIVALENTS AT END OF YEAR</u>	<u>\$2,681,478</u>	<u>\$4,013,800</u>

The accompanying notes are an integral part of this statement.

**RAPIDES FINANCE AUTHORITY
RAPIDES PARISH POLICE JURY
Alexandria, Louisiana**

Notes to the Financial Statements
As of and for the Year Ended July 31, 1996

INTRODUCTION

The Rapides Finance Authority (Authority), formerly known as the Rapides Parish Housing and Mortgage Finance Authority, was created through a Trust Indenture dated December 14, 1978 pursuant to provisions of Louisiana Revised Statutes (LSA-R.S.) 9:2341 et seq. Louisiana law grants the Authority the power to obtain funds and to use them to promote the financing and development of any essential program conducted in the public interest within the territorial limits of Rapides Parish, Louisiana.

Currently, the Authority's operations consist of a single family mortgage purchase bond program under which 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 this program were originally obtained through the issuance of \$37,800,000 in Single Family Mortgage Purchase Bonds dated August 1, 1979. The bonds issued by the Authority are general obligation bonds of the Authority and are not obligations of the State of Louisiana or any other political subdivision thereof.

The Authority's Board of Trustees is empowered under the bond trust indenture to contract with outside parties to conduct the day-to-day operations of the program. The Authority uses area financial institutions to service the mortgage loans acquired. In addition, a bank serves as Trustee for the Authority and has the fiduciary responsibility for the custody and investment of funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Rapides Parish Police Jury is the financial reporting entity for Rapides Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Rapides Parish Police Jury for financial reporting purposes. 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. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.

**RAPIDES FINANCE AUTHORITY
RAPIDES PARISH POLICE JURY**
Alexandria, Louisiana
Notes to the Financial Statements (Continued)

2. Organizations for which the police jury does not appoint a voting majority but is fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints a voting majority of the Authority's governing body and the police jury's reporting entity financial statements would be misleading if the financial data of the Rapides Finance Authority were not included, the Authority was determined to be a component unit of the Rapides Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Authority and do not present information on the police jury, the general government service provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

B. FUND ACCOUNTING

The authority uses a fund (Enterprise Fund) to report on its financial position and the results of operations and changes in its cash flows. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. The Enterprise Fund is the operating fund of the Authority and accounts for all financial resources.

C. BASIS OF ACCOUNTING

The financial reporting treatment applied to a fund is determined by its measurement focus. The proprietary fund type (Enterprise Fund) is accounted for on a flow of economic resources measurement focus and determination of net income and capital maintenance. With this measurement focus, all assets and liabilities associated with the operation of this fund is included on the balance sheet. The accrual basis of accounting is used for reporting the proprietary fund type (Enterprise Fund). Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred.

D. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposit accounts. Cash equivalents include amounts in time deposits and all liquid investments with a maturity of three months or less when purchased. Under state law, the authority may deposit funds in demand deposits, interest bearing demand deposits, money market accounts or time deposits with fiscal agent banks organized under the laws of the State of Louisiana and national banks having their principal offices in Louisiana.

RAPIDES FINANCE AUTHORITY
 RAPIDES PARISH POLICE JURY
 Alexandria, Louisiana
 Notes to the Financial Statements (Continued)

E. INVESTMENTS

Under the Trust Indenture, the Authority may invest in (1) debt securities issued by or guaranteed by the United States or its agencies, (2) certificates of deposits and/or time deposits or other banking arrangements with any bank organized under the laws of the State of Louisiana or any national bank qualified to conduct business in the State of Louisiana, in any such case having capital stock, surplus, and undivided profits aggregating at least \$10,000,000, provided such deposits (to the extent not insured) are fully secured by securities issued or guaranteed by the United States or its agencies. Investments are stated at cost and/or amortized cost with the premium and/or discount amortized over the holding period of the investment. The Authority has limited its investments to securities issued or guaranteed by the United States Government or its agencies.

F. DEFERRED FINANCING COSTS

Deferred financing costs include gain or loss on advance refunding, underwriting fees, trustee fees, and other issuance costs. In accordance with Governmental Accounting Standards (GASB) Statement No. 23 *Accounting and Financial Reporting For Refundings of Debt Reported by Proprietary Activities*, these costs are deferred to future periods and amortized over the original remaining life of the old debt or the life of the new debt, whichever is less. The Authority amortizes, on a straight-line basis, the deferred financing costs over the remaining life of the old debt (9.5 years)

G. FUND EQUITY

Reserves -- represent those portions of fund equity (retained earnings) not appropriate for expenditures or legally segregated for a specific future use.

Designated -- represent tentative plans for future use of financial resources.

2. CASH AND EQUIVALENTS

At July 31, 1996, the authority has cash and cash equivalents (book balances) as follows:

Demand deposits	\$141,849
Money market accounts	<u>2,539,629</u>
Total	<u><u>\$2,681,478</u></u>

RAPIDES FINANCE AUTHORITY
RAPIDES PARISH POLICE JURY
 Alexandria, Louisiana
 Notes to the Financial Statements (Continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) totaling \$2,681,478 at July 31, 1996, are secured by approximately \$200,000 of federal deposit insurance (GASB Category 1) and \$2,481,478 of pledged securities held a custodial bank in the name of the fiscal agent bank (GASB Category 3).

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the authority, they are considered uncollateralized under the provisions of GASB Codification 150.163(b); however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the authority that the fiscal agent bank has failed to pay deposited funds upon demand.

3. INVESTMENTS

Investments, stated at cost or amortized cost, at July 31, 1996 are as follows:

Description	Par Value	Carrying Amount	Market Value
Federal National Mortgage Association (FNMA) - Zero Coupon Bond maturing on July 5, 2014	\$7,745,000	\$2,495,563	\$2,080,230
Federal National Mortgage Association (FNMA) - Zero Coupon Bond maturing on July 5, 2014	3,555,000	1,145,483	954,837
Federal National Mortgage Association (FNMA) - Mortgage-Backed Securities (MBS) maturing on October 1, 2010	1,945,431	1,729,628	1,737,152
Federal National Mortgage Association (FNMA) - Mortgage-Backed Securities (MBS) maturing on August 1, 2010	698,535	514,224	517,073
Federal National Mortgage Association (FNMA) - Mortgage-Backed Securities (MBS) maturing on August 1, 2010	1,554,482	1,335,261	1,341,070
United States Government Treasury Strips maturing through November 11, 2009	94,000	65,629	62,793
Total	<u>\$15,592,448</u>	<u>\$7,285,788</u>	<u>\$6,693,155</u>

**RAPIDES FINANCE AUTHORITY
RAPIDES PARISH POLICE JURY**
Alexandria, Louisiana
Notes to the Financial Statements (Continued)

The investments are in the name of the Authority and are held by the Trustee selected in accordance with the Trust Indenture. Because the investments are in the name of the Authority and are held by its agent, the investments are considered insured and registered, Category 2, in applying the credit risk of GASB Codification Section 150.164.

4. MORTGAGE LOANS RECEIVABLE

Mortgage notes acquired by the Authority from participating mortgage lenders have a stated interest rate of 8.125 per cent, with a scheduled maturity of thirty years, and are secured by first mortgages on the related real property. The mortgage loans were originated through conventional, FHA, and VA programs sponsored by the participating mortgage lenders. The participating mortgage lenders service the mortgage loans for the Authority and receive monthly compensation based on the unpaid principal balances of the mortgage loans. In addition to the customary insurance required of the mortgagors, the mortgage loans are insured by the Authority under a special hazard policy and a mortgage trust policy for mortgagor defaults.

5. OTHER LOANS RECEIVABLE

England Economic Industrial Development District -- On October 15, 1992, the Authority approved a \$325,000 loan to the England Economic Industrial Development District (District) to be used in accordance with the Cooperative Endeavor Agreement. In December 1992, the Authority advanced \$325,000 to the District, with the stipulation that the District obtain approval from the State Bond Commission to incur debt. On May 27, 1995, the District received State Bond Commission approval to issue \$311,000 of Certificates of Indebtedness, Series 1993A, for the purpose of paying the costs of repaying a loan made by the Authority to the District and for paying the costs of issuing the certificates of indebtedness. The debt is to be repaid over a 10-year period at a rate 6.50 per cent per annum.

On October 17, 1995, the Authority approved a \$1,200,000 loan to the England Economic Industrial Development District (District) to be used for expansion and renovation of the District's facilities to accommodate new businesses relocating to the industrial park. On December 1, 1995, the District issued \$1,200,000 of Certificates of Indebtedness, Series 1995, for the purpose of paying the costs of repaying a loan made by the Authority to the District and for paying the costs of issuing the certificates of indebtedness. The debt is to be repaid over a 10-year period at a rate 6.00 per cent per annum. The following is a summary of the activity relating to the certificates of indebtedness:

RAPIDES FINANCE AUTHORITY
RAPIDES PARISH POLICE JURY
 Alexandria, Louisiana
 Notes to the Financial Statements (Continued)

	Certificates of Indebtedness		
	Series 1993A	Series 1995	Total
Balance, July 31, 1995	\$264,000	NONE	\$264,000
Additions	NONE	\$1,200,000	1,200,000
Deductions	(26,000)	NONE	(26,000)
Balance, July 31, 1996	<u>\$238,000</u>	<u>\$1,200,000</u>	<u>\$1,438,000</u>

Rapides Parish Law Enforcement District -- on October 17, 1995, the Authority approved a \$300,000 loan to the Rapides Parish Law Enforcement District (District) to be used for expansion and renovation of the halfway house operated by the District. On January 16, 1996, the District issued \$300,000 of Certificates of Indebtedness, Series 1995, for the purpose of paying the costs of repaying a loan made by the Authority to the District and for paying the costs of issuing the certificates of indebtedness. The debt is to be repaid over a 10-year period at a rate 6.00 per cent per annum. The following is a summary of the activity relating to the certificates of indebtedness:

	Certificates of Indebtedness Series 1995
Balance, July 31, 1995	NONE
Additions	\$300,000
Deductions	(13,008)
Balance, July 31, 1996	<u>\$286,992</u>

6. BONDS PAYABLE

The net proceeds from the Series 1991 bond issues were issued to advance refund the original Series 1979 bond issue (see note 7) and to provide the Authority moneys for its public purpose. The Bond Trust Indentures provide that the principal and interest are secured by pledges of all mortgage loans acquired, all mortgage-backed securities acquired (MBS), all revenues and collections with respect to such loans, and all funds established by the Authority, together with all of the proceeds generated therefrom.

7. ADVANCE REFUNDING

During the year ended July 31, 1992, the Authority defeased the Series 1979 bond issue by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly the trust account assets and liability for the defeased bonds are not included in the Authority's financial statements. On July 31, 1996, \$23,425,000 of bonds outstanding are considered defeased.

RAPIDES FINANCE AUTHORITY
 RAPIDES PARISH POLICE JURY
 Alexandria, Louisiana
 Notes to the Financial Statements (Continued)

8. CHANGES IN BONDS PAYABLE

The following is a summary of the bonded debt transactions for the year ended July 31, 1996:

	Series 1991A	Series 1991B	Series 1991C	Total
Bonds payable - July 31, 1995	4,610,664	2,052,030	10,500,000	\$17,162,695
Principal payments	(619,054)	(259,169)		(878,223)
Bonds payable - July 31, 1996	3,991,610	1,792,861	10,500,000	16,284,472
Add - unamortized premium	16,253			16,253
Less - unamortized discount	(458,649)	(451,606)	(7,691,197)	(8,601,452)
Bonds payable - July 31, 1996 (net)	<u>\$3,549,214</u>	<u>\$1,341,256</u>	<u>\$2,808,803</u>	<u>\$7,699,272</u>

9. RETAINED EARNINGS - RESERVED

The trust indentures of the Series 1991 bond issues require that the following accounts be established and maintained:

Series 1991 A:

1. Liquidity Reserve Account - on the closing date December 19, 1991, the Trustee shall deposit \$10,000 into the Liquidity Reserve Account. Interest earned on amounts deposited shall be retained in the account. In the event that the amounts on deposit in the Collection Account are insufficient to pay the principal at maturity or interest on the Bonds when due on any Interest Payment Date, the Trustee shall transfer the amount of such deficiency from the Liquidity Reserve Account to the Collection Account.
2. Debt Service Reserve Account - on the closing date December 19, 1991, the Trustee shall deposit the Debt Service Reserve Investment into the Debt Service Reserve Account. This investment consists of a Zero coupon FNMA Security - par amount of \$3,555,000 and an initial purchase price of \$525,465. The security matures on July 5, 2014.

Series 1991 B:

1. Liquidity Reserve Account - on the closing date December 19, 1991, the Trustee shall deposit \$285,000 into the Liquidity Reserve Account. Interest earnings on amount deposited into this account shall be transferred to the Collection Account.
2. Debt Service Reserve Account - on the closing date December 19, 1991, the Trustee shall deposit the Debt Service Reserve Investment into the Debt Service Reserve Account. This investment consists of a Zero Coupon FNMA Security - par amount of \$7,745,000 with an initial purchase price of \$1,144,788. The security matures on July 5, 2014.

RAPIDES FINANCE AUTHORITY
RAPIDES PARISH POLICE JURY
 Alexandria, Louisiana
 Notes to the Financial Statements (Continued)

3. Preservation Account - on the closing date, December 19, 1991, the Trustee shall deposit \$25,000 into the Preservation Account. Interest earned shall be retained in this account. Amounts in this account may be disbursed by the Trustee to reimburse a Participant for liquidation and preservation expenses incurred prior to acquisition of a property by the Issuer, and to reimburse a Participant for similar expenses incurred in protecting the value and title of the property after it has been acquired by the Issuer.

The following is a summary of the changes in reserved retained earnings for the year ended July 31, 1996:

	Series 1991A		Series 1991B			Totals
	Liquidity Reserve Account	Debt Service Reserve Account	Liquidity Reserve Account	Debt Service Reserve Account	Preservation Account	
Balance, July 31, 1995	\$10,797	\$1,011,102	\$285,000	\$2,202,801	\$21,845	\$3,531,544
Additions	629	134,381	315,442	292,763	1,195	744,409
Deductions			(315,442)			(315,442)
Balance, July 31, 1996	<u>\$11,426</u>	<u>\$1,145,483</u>	<u>\$285,000</u>	<u>\$2,495,564</u>	<u>\$23,039</u>	<u>\$3,960,512</u>

RAPIDES FINANCE AUTHORITY
RAPIDES PARISH POLICE JURY
 Alexandria, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
 For the Years Ended July 31, 1996
 (With Comparative Totals For July 31, 1995)

COMPENSATION PAID BOARD MEMBERS

The following schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

	<u>Year Ended July 31,</u>	
	<u>1996</u>	<u>1995</u>
David Bates	\$800	
Frazier Bell	1,300	\$1,100
Jack Brame	1,300	1,100
David Butler	1,200	1,100
Thomas C. David	700	1,100
Jack DeWitt	900	1,200
Geraldine Gerami	900	900
Morton P. Henderson	1,300	1,100
Barry D. Hines	3,800	3,200
Granvel Metoyer	1,300	1,100
James E. Morgan	900	1,000
Tom Nash	1,200	800
James Roland	300	1,100
Amos Wesley III	<u>1,000</u>	<u>1,000</u>
Totals	<u>\$16,900</u>	<u>\$15,800</u>

**Independent Auditor's Reports Required
by *Government Auditing Standards***

The following independent auditor's reports on internal control and compliance are presented in compliance with the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

HERBIE W. WAY
CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report on the Internal Control Structure

RAPIDES FINANCE AUTHORITY
RAPIDES PARISH POLICE JURY
Alexandria, Louisiana

I have audited the financial statements of the Rapides Finance Authority as of July 31, 1996, and for the year then ended, and have issued my report thereon dated January 30, 1997.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Rapides Finance 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 my audit of the financial statements, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of the relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

RAPIDES FINANCE AUTHORITY
RAPIDES PARISH POLICE JURY
Internal Control Report
July 31, 1996

My 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 reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or 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. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of the Rapides Finance Authority. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Herbie W. Way

Herbie W. Way
Alexandria, Louisiana
January 30, 1997

HERBIE W. WAY
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Independent Auditor's Report on Compliance With Laws and Regulations

RAPIDES FINANCE AUTHORITY
RAPIDES PARISH POLICE JURY
Alexandria, Louisiana

I have audited the financial statements of the Rapides Finance Authority as of July 31, 1996, and for the year then ended, and have issued my report thereon dated January 30, 1997.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

The results of my 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 Rapides Finance Authority. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Herbie W. Way

Herbie W. Way
Alexandria, Louisiana
January 30, 1997