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General Purpose (Financial Statements and  
Independent Auditors' Report)

**CALCASIEU PARISH PUBLIC  
TRUST AUTHORITY**

May 31, 1998 and 1997

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

Release Date JUL 9 1998

## TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	3
GENERAL PURPOSE FINANCIAL STATEMENTS	
COMBINED BALANCE SHEETS	4
COMBINED STATEMENTS OF REVENUES AND EXPENSES	5
COMBINED STATEMENTS OF FUND EQUITY	6
COMBINED STATEMENTS OF CASH FLOWS	7
NOTES TO COMBINED FINANCIAL STATEMENTS	8
SUPPLEMENTAL INFORMATION	9
COMBINING BALANCE SHEETS	20
COMBINING STATEMENTS OF REVENUES AND EXPENSES	25
COMBINING STATEMENTS OF FUND EQUITY	27
COMBINING STATEMENTS OF CASH FLOWS	28
ADDITIONAL REPORTS	
REPORT ON COMPLIANCE AND INTERNAL CONTROL	31



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INDEPENDENT PUBLIC ACCOUNTANTS  
 AN ASSOCIATION OF CERTIFIED  
 PUBLIC ACCOUNTANTS (CPA) FIRM  
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 UNDER STATE  
 LAWS

MEMBER OF  
 INTERNATIONAL FEDERATION OF  
 ACCOUNTANTS (IFAC)

MEMBER OF CALIFORNIA  
 CERTIFIED PUBLIC ACCOUNTANTS

REGISTERED PUBLIC  
 ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
 Calcasieu Parish Public Trust Authority  
 Lake Charles, Louisiana

We have audited the accompanying combined balance sheets of the Calcasieu Parish Public Trust Authority, a component unit of the Calcasieu Parish Police Jury, as of May 31, 1998 and 1997, and the related combined statements of revenues and expenses, fund equity, and cash flows for the years then ended. These general purpose financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Calcasieu Parish Public Trust Authority as of May 31, 1998 and 1997, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the combined general purpose financial statements taken as a whole. The supplementary information included on pages 22 through 29 is presented for purposes of additional analysis and is not a required part of the combined general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audits of the combined general purpose financial statements and, in our opinion is fairly stated in all material respects in relation to the combined general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated November 13, 1998 on our consideration of Calcasieu Parish Public Trust Authority's internal control structure and a report dated November 13, 1998 on its compliance with laws and regulations.

November 13, 1998

*Langley, Williams & Co., L.L.C.*

**Caldwell Parish Public Trust Authority**

**COMBINED BALANCE SHEETS**

May 31, 1998 and 1997

**ASSETS**

	<u>1998</u>	<u>1997</u>
Cash and cash equivalents	\$ 5,489,411	\$ 2,078,862
Investment securities	30,357,490	19,686,718
Mortgage-backed securities, net of deferred income of \$17,133 and \$164,540, and discounts of \$4,261 and \$4,340 in 1998 and 1997, respectively	6,590,385	7,125,531
Mortgage loans receivable	12,543,323	15,187,464
Accounts receivable	6,234	8,268
Accrued interest receivable	206,249	194,810
Deferred financing costs, net of accumulated amortization of \$1,874,041 and \$983,464 in 1998 and 1997, respectively	813,229	704,444
Other assets	854	667
Furniture, fixtures, and equipment, net of accumulated depreciation of \$3,273 and \$4,140 in 1998 and 1997, respectively	<u>3,273</u>	<u>2,882</u>
<b>Total Assets</b>	<b><u>\$ 56,183,268</u></b>	<b><u>\$ 44,989,841</u></b>

**LIABILITIES**

Accounts payable	\$ 55,517	\$ 41,579
Accrued interest payable	867,291	873,667
Mortgage revenue bonds payable	<u>31,206,632</u>	<u>40,275,318</u>
<b>Total Liabilities</b>	<b><u>\$2,129,445</u></b>	<b><u>\$1,113,564</u></b>

**FUND EQUITY**

Reserved fund equity	3,073,173	2,696,207
Unreserved fund equity	<u>308,290</u>	<u>881,224</u>
<b>Total Fund Equity</b>	<b><u>3,381,463</u></b>	<b><u>3,577,431</u></b>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$ 56,183,268</u></b>	<b><u>\$ 44,989,841</u></b>

See notes to combined financial statements.

**Calcasieu Parish Public Trust Authority**

**COMBINED STATEMENTS OF REVENUES AND EXPENSES**

Years Ended May 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
<b>REVENUES</b>		
Interest Income		
Investment securities	\$ 1,478,463	\$ 715,778
Mortgage-backed securities	681,834	682,814
Mortgage loans receivable	1,308,890	1,329,517
Gain on disposal of flowclosed assets	<u>38,310</u>	<u>4,662</u>
	3,498,397	3,992,769
<b>EXPENSES</b>		
Interest Expense		
Bond interest	<u>2,729,832</u>	<u>2,388,061</u>
	<b>768,565</b>	<b>928,762</b>
<b>Operating Income</b>		
Servicing fees	24,197	23,289
Mortgage credit certificate program revenues	2,808	3,390
Participation fees	<u>36,997</u>	<u>36,099</u>
<b>Operating Expenses</b>		
Mortgage servicing fees	63,373	73,453
Mortgage insurance	35,578	22,443
Mortgage credit certificate program expenses	-	6,090
Amortization of deferred charges	174,318	113,476
Amortization of premiums	31	797
Accounting and auditing fees	18,308	13,290
Trustee and paying agent fees	41,035	30,999
Administrative expenses	51,685	58,982
Depreciation expense	1,529	1,406
Grants	<u>5,780</u>	<u>18,800</u>
	<u>321,082</u>	<u>318,818</u>
<b>Net Revenues over Expenses</b>	<b><u>\$ 397,182</u></b>	<b><u>\$ 254,893</u></b>

See notes to combined financial statements.

Calcasieu Parish Public Trust Authority

COMBINED STATEMENTS OF FUND EQUITY

Years Ended May 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
<b>FUND EQUITY:</b>		
Balance at beginning of year	\$ 918,809	\$ 684,882
Net income	<u>397,282</u>	<u>234,085</u>
Balance at end of year	1,316,147	918,865
Additional Paid-in Capital	2,657,616	2,657,606
Total Fund Equity	3,973,763	3,576,481
Fund equity reserved under provisions of bond indentures	(1,621,135)	(2,683,200)
<b>FUND EQUITY, unreserved</b>	<u>\$ 1,352,628</u>	<u>\$ 893,274</u>

See notes to combined financial statements.

Catawba Parish Public Trust Authority  
**COMBINED STATEMENTS OF CASH FLOWS**

Years ended May 31, 1998 and 1997

	1998	1997
<b>Cash flows from operating activities:</b>		
Net increase	\$ 387,382	\$ 214,883
Adjustments to reconcile to net cash provided by (used in) operating activities:		
Amortization of deferred income	( 181,788)	( 261,855)
Amortization (amortization) of original issue discount	( 3,788)	( 1,589)
Amortization of deferred financing costs	171,051	114,570
Depreciation expense	1,599	1,406
Gain on disposal of fixed-lived assets	( 28,318)	( 4,422)
Net changes in:		
Accounts receivable	1,674	( 7,009)
Accounts interest receivable	( 131,358)	( 75,204)
Other assets	71	142
Accounts payable	11,948	19,379
Accounts interest payable	31,821	( 30,458)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>311,246</b>	<b>222,118</b>
<b>Cash flows from financing activities:</b>		
Proceeds from bond sales	16,677,374	12,588,008
Principal payments on bonds	( 6,885,094)	( 6,244,831)
Transfers to other funds	( 290,447)	( 352,311)
Transfers from other funds	258,441	582,112
Debt issue costs	( 288,512)	( 218,821)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>19,571,852</b>	<b>16,354,157</b>
<b>Cash flows from investing activities:</b>		
Mortgage loans receivable, net	2,618,948	2,823,298
Proceeds from sales of real estate	24,740	49,481
Proceeds of investment securities, maturities	2,158,172	2,963,084
Proceeds of investment securities	(21,414,264)	(18,888,177)
Purchase of fixed assets	( 1,938)	-
REO additions	-	( 38,328)
Proceeds of mortgage-backed securities, maturities	61,281,168	668,941
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>61,406,726</b>	<b>635,219</b>
Net increase (decrease) in cash	5,421,528	( 417,888)
Cash and cash equivalents, beginning of year	2,678,892	3,095,880
<b>Cash and cash equivalents, end of year</b>	<b>\$ 8,100,420</b>	<b>\$ 2,678,000</b>

Supplemental Disclosure: Cash paid for debt interest was \$1,097,499 and \$1,414,478 in 1998 and 1997, respectively.  
 Pledged transactions: Real estate acquired from foreclosures was \$- and \$28,129 in 1998 and 1997, respectively.

See notes to combined financial statements.

## Calcasieu Parish Public Trust Authority

### NOTES TO COMBINED FINANCIAL STATEMENTS

May 31, 1998 and 1997

#### 1. Organization:

The Calcasieu Parish Public Trust Authority was created through a trust indenture dated May 14, 1979, pursuant to provisions of Chapter 2-A of Title 9 of the Louisiana Revised Statutes of 1950, as amended. The Authority is a legal entity separate and apart from the parish government, although the parish government is the ultimate beneficiary of all residuals of the trust estate. The initial legislation and subsequent amendments grant the Authority the right to obtain resources to promote the financing and development of any essential program conducted in the public's interest within the boundaries of Calcasieu Parish, Louisiana. The Authority's primary activities involve the issuance of bonds to obtain resources for the purpose of assisting in the financing of housing needs for persons of low and moderate incomes in Calcasieu Parish.

The bonds are solely the obligations of the Authority and are payable from revenues derived from mortgage loans, mortgage-backed securities and investments acquired pursuant to the indentures in which such bonds relate. The bonds are not obligations of the Calcasieu Parish or any other governmental entity.

The Authority is managed by a Board of Trustees empowered to contract with outside parties to conduct the operations of the various programs. The Authority also contracts with national banking institutions to serve as trustee for each of its bond programs or as its custodial bank for the Authority's unrestricted resources.

The financial statements of the individual bond funds are presented on a combined basis. All interfund transactions have been eliminated. The Authority maintains a separate self-balancing set of books (a fund) for each bond program and an operating fund to account for its unrestricted assets. The assets of each individual bond fund are restricted under the related bond indentures. Accordingly, the combined totals on the financial statements are not intended to indicate that the combined assets are available for any purpose due to the contractual restrictions imposed on certain assets and the income derived therefrom. Additionally, the combined totals do not present consolidated financial information. Included in the total are unrestricted assets that are available to the Authority for its unrestricted use.

#### 2. Summary of Significant Accounting Policies:

##### Basis of Accounting and Financial Reporting

As the governing authority of the parish, for reporting purposes, the Calcasieu Parish Police Jury is the financial reporting entity for Calcasieu 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.



**Calcasieu Parish Public Trust Authority**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

May 31, 1998 and 1997

**3. Summary of Significant Accounting Policies (Continued)**

**Basis of Accounting and Financial Reporting - (Continued)**

Governmental Accounting Standards Board Statements No. 14 established criteria for determining which component units should be considered part of the Calcasieu Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. This criterion includes:

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.
2. Organizations for which the police jury does not appoint a voting majority but are 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 financial statements would be misleading if data of the organization was not included because of the nature or significance of the relationship, the Calcasieu Parish Public Trust Authority was determined to be a component unit of the Calcasieu Parish Police Jury, the financial reporting entity. The accompanying period/period financial statements present information only on the funds maintained by the Calcasieu Parish Public Trust Authority and do not present information on the police jury, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

The Authority's financial statements are presented in accordance with generally accepted accounting principles adopted by the Governmental Accounting Standards Board (GASB) as applicable to all state and local governments. The combined financial statements for the previous year are presented under generally accepted accounting principles. Certain prior year amounts have been reclassified to conform to the current year financial statement format.

**Calcasieu Parish Public Trust Authority**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

May 31, 1998 and 1997

**2. Summary of Significant Accounting Policies: (Continued)**

**Pervasiveness of Estimates**

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

**Cash and Cash Equivalents**

Cash and cash equivalents are stated at cost which approximates fair market value. For financial statement purposes, the Authority considers cash, demand deposits, certificates of deposit and debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**Investment Securities**

Bonds and notes are stated at cost, adjusted for premiums and discounts that are recognized in interest income using the interest method over the period to maturity. The Board intends to hold such investments to maturity. Gains and losses on the sale of investments are determined using the specific-identification method.

**Mortgage-Backed Securities**

Mortgage-backed securities are stated at cost, adjusted for recognition of premiums and accretions of fees and discounts using a method that approximates level yields. These securities are issued by the Government National Mortgage Association (GNMA). Such securities are backed by mortgage loans originated in Calcasieu Parish, Louisiana. Monthly payments of principal and interest are passed through to the Authority to finance debt service payments and other administrative costs. The Authority has adequate liquidity and capital, and it is generally the Board's intention to hold such assets to maturity. Should any be sold, gains and losses will be recognized based on the specific-identification method.

**Calcasieu Parish Public Trust Authority**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

May 31, 1988 and 1987

**2. Summary of Significant Accounting Policies (Continued)**

**Mortgage loans receivable**

Mortgage loans receivable are stated at unpaid principal balances, less the deferred revenues received for its commitment to purchase the loans. The deferred revenues are amortized over the life of the loans and recognized as a component of interest income. In the event of an extraordinary mandatory redemption of the bonds due to nonrecognition of mortgage loans, the entire unamortized balance is recognized as component for income.

The allowance for loan losses is increased by charges to income and recoveries and decreased by charge-offs. Management's periodic evaluation of the adequacy of the allowance is based on the Authority's past loan loss experience, current economic conditions, insurance protection provided against possible loan losses and any other factors which require consideration in estimating such losses.

**Real Estate Acquired Through Foreclosures**

Real estate property acquired through loan foreclosures are initially recorded at the unpaid principal balance of the loan. Costs relating to improving the property are capitalized. This real estate must be restored to its original condition, normal wear and tear expected, before the mortgage insurance coverage applies.

**Deferred Financing Costs**

The cost of issuing mortgage revenue bonds are deferred and amortized over the life of the bonds as a financing expense. In the event all remaining bonds outstanding under a particular issue are retired, the unamortized balance is recognized as a component of the loss from the early extinguishment of debt.

**Bond Discounts**

Original issue discounts realized upon issuance of bonds are deferred and presented as a reduction of the face amount of bonds payable on the balance sheet. The deferred amount is amortized over the life of the bonds as a component of interest expense. In the event all remaining bonds outstanding under a particular issue are retired, the unamortized balance is recognized as a component of the loss from the early extinguishment of debt.

**Calcasieu Parish Public Trust Authority**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
May 31, 1998 and 1997

**2. Summary of Significant Accounting Policies: (Continued)**

**Income Taxes**

The Authority is exempt from federal and state income taxes.

**3. Cash and Cash Equivalents:**

The Authority had cash and cash equivalents totaling \$3,499,411 and \$2,078,882 at May 31, 1998 and 1997, respectively. The FDIC insured cash and cash equivalents in the amount of \$838,617 and \$495,483 at May 31, 1998 and 1997, respectively. The remaining balance was uninsured and uncollateralized. Uncollateralized deposits include balances that are collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the Authority's name. Under Louisiana Revised Statutes, there are no specific requirements regarding investment of idle funds or collateralization of deposits applicable to public trusts.

**4. Investment Securities**

The permissible types of investments under the various bond programs are governed by the underlying bond indentures. Under Louisiana Revised Statutes, there are no specific requirements regarding permissible investments of a public trust. 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 investments that are insured or registered as 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 which are unsecured. Unsecured investments include securities held for the Authority but not in its name.

Calcasieu Parish Public Trust Authority

NOTES TO COMBINED FINANCIAL STATEMENTS

May 31, 1998 and 1997

4. Investment Securities: (Continued)

May 31, 1998

	Category <u>3</u>	Carrying Value	Market Value
U.S. Treasury Bonds	\$ 550,635	\$ 550,635	\$ 558,399
GNMA Mortgage-backed Securities	6,550,285	6,550,285	6,851,646
Investment Agreements	<u>29,806,817</u>	<u>29,806,817</u>	<u>29,806,817</u>
<b>Totals</b>	<b><u>\$36,907,737</u></b>	<b><u>\$36,907,737</u></b>	<b><u>\$37,216,862</u></b>

May 31, 1997

	Category <u>3</u>	Carrying Value	Market Value
U.S. Treasury Bonds	\$ 500,640	\$ 500,640	\$ 498,876
GNMA Mortgage-backed Securities	7,125,531	7,125,531	7,383,690
Investment Agreements	<u>18,186,036</u>	<u>18,186,036</u>	<u>18,186,036</u>
<b>Totals</b>	<b><u>\$25,812,207</u></b>	<b><u>\$25,812,207</u></b>	<b><u>\$26,070,602</u></b>

The amortized cost and approximate market value of investment securities are:

May 31, 1998

	Amortized Cost	Unrealized Gain (Loss)	Market Value
U. S. Treasury Bonds	\$ 550,635	\$ 7,764	\$ 558,399
Investment Agreements	<u>29,806,817</u>	<u>—</u>	<u>29,806,817</u>
	<b><u>\$30,357,452</u></b>	<b><u>\$ 7,764</u></b>	<b><u>\$30,365,216</u></b>

Calcasieu Parish Public Trust Authority

NOTES TO COMBINED FINANCIAL STATEMENTS

May 31, 1998 and 1997

4. Investment Securities (Continued)

May 31, 1997

	Amortized Cost	Unrealized Gain (Loss)	Market Value
U. S. Treasury Bonds	\$ 508,640	\$( 1,354)	\$ 498,876
Investment Agreements	<u>19,186,826</u>	<u>-</u>	<u>19,186,826</u>
	<u>\$ 19,695,466</u>	<u>\$( 1,354)</u>	<u>\$ 19,694,952</u>

The investment agreements are between the Authority and Berkshire Hathaway, Inc. The agreements contain provisions that stipulate in the event Berkshire Hathaway's acquires unsecured long-term debt rating by Moody's Investor Service, Inc., falls below Aa2 for the 1991 Series A Agreement or A2 for the 1992 Series B Agreement, the Authority shall have the right to withdraw the investment unless Berkshire Hathaway, Inc., enters into and collateralizes an investment agreement in repurchase format which is in a form and content satisfactory to all parties. The collateral shall be comprised of U.S. Treasury or agency obligations and subject to other conditions as specified in the Agreements. These investments mature after 10 years.

5. Mortgage-Backed Securities

The GNMA and FNMA mortgage-backed securities have interest rates ranging from 7.80% to 8.375%. These securities are carried on the balance sheet net of deferred revenues in the amount of \$17,133 and \$164,548 and discounts of \$4,260 and \$4,340 at May 31, 1998 and 1997, respectively. Monthly principal and interest payments from the GNMA and FNMA mortgage-backed securities are guaranteed by GNMA and FNMA. GNMA payments flow through to the holders of the 1989 Series A and 1998 Series A and B Mortgage Revenue Bonds. FNMA payments flow through to the holders of the 1997 Series A Mortgage Revenue Bonds. \*FNMA payment flow through to the holders of 1997 Series A Mortgage Revenue Bonds.

May 31, 1998

	Amortized Cost	Unrealized Gain (Loss)	Market Value
GNMA Mortgage-backed Securities	\$ 5,942,888	\$ 208,221	\$ 6,242,109
FNMA Mortgage-backed Securities	<u>687,605</u>	<u>3,140</u>	<u>690,745</u>
	<u>\$ 6,630,493</u>	<u>\$ 208,361</u>	<u>\$ 6,951,644</u>

**Caltrans Parish Public Trust Authority**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

May 31, 1998 and 1997

**5. Mortgage-Backed Securities (Continued)**

May 31, 1997	<u>Ammortized Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Market Value</u>
GNMA Mortgage-backed Securities	\$ 7,125,531	\$ 360,369	\$ 7,485,900

These investments mature after 10 years.

**6. Mortgage Loans Receivable**

Mortgage loans are pledged as security on the Mortgage Revenue Refunding Bonds as follows:

	<u>May 31, 1998</u>	<u>May 31, 1997</u>
1991 Series A	\$ 9,344,941	\$ 11,443,251
1992 Series B	2,957,938	3,499,394
Operating Fund	<u>241,244</u>	<u>245,816</u>
	<u>\$ 12,544,123</u>	<u>\$ 15,188,461</u>

**7. Mortgage Revenue Bonds Payable**

Mortgage revenue bonds outstanding are as follows:

	<u>May 31, 1998</u>	<u>May 31, 1997</u>
1987 Series A:		
Current interest bonds dated April 7, 1988, with a scheduled maturity on December 1, 2002, bearing interest at 8.125% payable monthly	\$ -	\$ 2,621,418

**Calcasieu Parish Public Trust Authority**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

May 31, 1998 and 1997

**7. Mortgage Revenue Bonds Payable (Continued)**

	May 31, 1998	May 31, 1997
<b>1988 Series B:</b>		
Current interest bonds, dated December 1, 1988, with a scheduled maturity on June 1, 2012, bearing interest at 8.25% payable monthly	2,362,787	2,873,286
<b>1989 Series A:</b>		
Current interest bonds, dated December 1, 1989, with a scheduled maturity on June 1, 2021, bearing interest at 7.80% payable monthly	1,220,710	1,464,463
<b>1991 Series A:</b>		
Current interest bonds, dated May 1, 1991 due June 1, 2002 with scheduled mandatory redemptions, bearing interest at 7.25% payable semiannually on June 1 and December 1	18,400,000	12,376,000
Current interest bonds, dated May 1, 1991 due December 1, 2012 with scheduled mandatory redemptions, bearing interest at 7.25% payable semiannually on June 1 and December 1	4,375,000	4,375,000
<b>1992 Series B:</b>		
Current interest bonds, dated December 1, 1992 due November 1, 2002 with scheduled mandatory redemptions, bearing interest at 6.575% payable semiannually on May 1 and November 1	640,000	859,000
Current interest bonds, dated December 1, 1992, due November 1, 2012 with scheduled mandatory redemptions, bearing interest at 6.875% payable semiannually on May 1 and November 1	2,520,000	2,945,000



**Caldwell Parish Public Trust Authority**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

May 31, 1998 and 1997

**7. Mortgage Revenue Bonds Payable: (Continued)**

	<u>May 31, 1998</u>	<u>May 31, 1997</u>
<b>1992 Series B:</b>		
Compound interest bonds, dated December 1, 1992, due May 1, 2013 bearing interest of 7.250% payable at maturity	318,826	291,851
<b>1997 Series A:</b>		
Fixed rate bonds, dated April 1, 1997, due April 1, 2022 bearing interest of 8.40% payable semiannually on October 1, and April 1	6,250,000	6,250,000
Convertible option bonds, dated April 1, 1997, due April 1, 2022 bearing interest of 4.375% payable semiannually on October 1 and April 1	6,250,000	6,250,000
<b>1998 Series A:</b>		
Fixed rate bonds, dated April 1, 1998, due April 1, 2022 bearing interest of 5.57% payable semiannually on October 1, and April 1	4,804,148	-
Fixed rate bonds, dated April 1, 1998, due April 1, 2024 bearing interest of 4.75% payable semiannually on October 1, and April 1	3,403,118	-
Fixed rate bonds, dated April 1, 1998, due April 1, 2022 bearing interest of 6.10% payable semiannually on October 1, and April 1	7,782,419	-
<b>1998 Series B:</b>		
Fixed rate bonds, dated April 1, 1998, due April 1, 2022 bearing interest of 6.25% payable semiannually on October 1, and April 1	489,628	-
	<u>8,311,066,533</u>	<u>6,401,733,711</u>

Calcasieu Parish Public Trust Authority

NOTES TO COMBINED FINANCIAL STATEMENTS

May 31, 1998 and 1997

7. Mortgage Revenue Bonds Payable (Continued)

Debt maturities and sinking fund requirements during each of the five years ended May 31, 2002 and thereafter are as follows:

Ending May 31,	Principal	Interest	Total
1999	\$ 2,128,214	\$ 3,273,532	\$ 5,401,746
2000	2,271,853	3,124,376	5,396,229
2001	2,408,589	2,999,244	5,407,833
2002	2,478,863	2,824,498	5,303,361
2003	2,543,737	2,558,146	5,101,883
Thereafter	28,888,121	28,888,441	67,488,562
	\$ 51,206,637	\$ 42,856,657	\$ 94,063,294

The bonds outstanding under the 1988 Series B and 1989 Series A bond indentures are subject to mandatory redemption on any interest payment date in the event and to the extent principal payments from the GNMA securities become available.

The 1988 Series B bonds are subject to optional redemption at par by the Authority after certain dates specified in the applicable indentures from any source including disposition of the GNMA securities. The 1989 Series A bonds are subject to optional redemption after December 1, 2000 at a redemption price equal to 103% of the principal amount called for redemption. The early call premium is reduced 1% on each subsequent December 1 to a redemption price of 100% of the principal amount so called.

The 1991 Series A bonds are subject to redemption at par on certain dates prior to their stated maturities when prepayments of the mortgage loans on deposit in certain redemption accounts equal \$25,000 or more. The bonds maturing on June 1, 2010 and December 1, 2012 are subject to redemption on or after June 1, 2008, at the option of the Authority, at any time from available monies at a redemption price equal to 100% of the principal amount called for redemption. The early call premium is reduced 1% on each subsequent June 1 to a redemption price of 100% of the principal amount so called.

The 1992 Series B bonds are subject to redemption at par on certain dates prior to their stated maturities when prepayments of the mortgage loans on deposit in certain redemption accounts equal \$25,000 or more. The current interest bonds maturing on November 1, 2012, and the compound interest bonds are subject to redemption on or after November 1, 2002, at the option of the Authority, at any time from available monies at a redemption price equal to 100% of the principal amount called for redemption. The early call premium is reduced 1% on each subsequent November 1 to a redemption price of 100% of the principal amount so called.

**Calcasieu Parish Public Trust Authority**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

May 31, 1998 and 1997

**7. Mortgage Revenue Bonds Payable (Continued)**

The Series 1997 A bonds are subject to redemption in part at certain dates prior to their stated maturities when prepayments of the mortgage loans are deposited in certain redemption accounts equal to \$5,000 or more. The Fixed Rate Bonds bear a stated annual interest of 6.48%. The Convertible Option Bonds bear an annual interest of 4.375% until the remarketing date of July 1, 1998 at which time the interest rate shall be the rate for a 60-day tax-exempt commercial paper published that day or 60% of the bond equivalent rate for a 91-day United States Treasury Bill. The Bonds are subject to redemption on or after April 1, 2007, at the option of the Authority, at any time from available monies at a redemption price equal to 102% of the principal amount called for redemption. The early call premium is reduced by 10% on each subsequent April 1 to a redemption price of 100% of the principal amount so called.

The 1998 Series A bonds are subject to redemption in part at certain dates prior to their stated maturities when prepayments of the mortgage loans are deposited in certain redemption accounts equal to \$5,000 or more. The bonds bear stated annual interest ranging from 4.75% to 6.10%. The bonds are subject to redemption, at the option and direction of the Authority, on or after April 1, 2008, at anytime from available monies at redemption prices equal to 102% of the principal amount called for redemption on the 2182 bonds and 102% of the principal amount called for redemption on the 2182 and 2024 bonds. The 1998 Series B bonds are subject to mandatory redemption on any interest payment date in the event and to the extent principal payments from the CDMMA accounts become available.

**8. Industrial Development Revenue Bonds Payable:**

The industrial development revenue bond issues include a covenant which provides that the bonds are payable solely from payments made by the lessee or owner of the project financed by the bond proceeds. The Authority is under no obligation to pay the bonds from any other source. In accordance with industry standards, the debt and related capital leases are not recorded in the financial statements.

The projects and related balances of the debt are as follows:

	May 31, 1998	May 31, 1997
1985 Series Bond Program, (Huber Oil of Louisiana, Inc. Project)	\$ 482,056	\$ 848,908
1985 Series Bond Program, (Lebate & Cooley, Ltd., CPAs Project)	17,456	38,024

Calcasieu Parish Public Trust Authority

NOTES TO COMBINED FINANCIAL STATEMENTS

May 31, 1998 and 1997

8. Industrial Development Revenue Bonds Payable (Continued)

	May 31, 1998	May 31, 1997
1994 Series Bond Program, (PPG Industries, Inc., Project)	7,300,000	7,300,000
1997 Series A Bond Program, (SWPT Corporation Project)	<u>10,893,425</u>	<u>          </u>
	<u>\$ 18,193,425</u>	<u>\$ 7,300,000</u>

9. Related Party Transactions:

The members of the Authority's Board of Trustees receive a per diem payment for each meeting attended and are reimbursed for actual expenses incurred in their capacity as trustees of the Authority. The following payments were made to the members of the Board of Trustees for per diem as follows:

	May 31, 1998	May 31, 1997
Francis Bellows	\$ 900	\$ 900
Robert Guimaraes	450	900
Mikael Koutas	50	400
Robert Lewis	600	350
John Nash	600	600
Stanton Nichols	500	350
Allen Slaughter	100	600
Alvin Stevens	450	350
Herman Bush	600	350
Alvin D. Houston	<u>350</u>	<u>          </u>
	<u>\$ 4,500</u>	<u>\$ 4,500</u>

**Calcasieu Parish Public Trust Authority**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

May 31, 1998 and 1997

**10. Commitments**

During the fiscal year ended May 31, 1995, the Authority pledged a total of \$125,000 to two nonprofit organizations, payable over a three year period, contingent on the availability of surplus funds. As of May 31, 1998 and 1997, the unaliquoted portions of these two pledges was \$60,000 and \$60,000, respectively. These donations are to be used to facilitate the rehabilitation of the existing housing in depressed areas of Calcasieu Parish and financing the portions of closing costs associated with the acquisition of housing by underprivileged families in Calcasieu Parish.

**11. Mortgage Credit Certificate Program, Series 1995**

The Calcasieu Parish Public Trust Authority has received a total allocation from the State of Louisiana of \$5,000,000 to conduct a single-family mortgage program for the residents of Calcasieu Parish. The Authority has elected to exchange its bond authority allocation for authority to issue Mortgage Credit Certificates (MCCs) pursuant to its Mortgage Credit Certificate Program, Series 1995 and subject to the terms of the Mortgage Credit Certificate Participation Agreement dated January 1, 1995. A MCC is an instrument designed to assist persons of low to moderate income to better afford individual ownership of housing. The procedures for issuing MCCs were established by Congress as an alternative to the issuance of single-family mortgage revenue bonds. MCCs are issued directly to eligible borrowers who are then able to take an annual tax credit equal to the specified percentage (35% for this program) of the interest paid on their mortgages up to \$2,000. There was no MCC activity for the year ended May 31, 1998.

**12. Subsequent Events**

In accordance with the plan of refunding contained in the 1998 Bond Issue Trust Indenture, the 1998 Series B Bonds were redeemed on June 1, 1998, and the 1991 Series A Bonds were redeemed on July 1, 1998.

## SUPPLEMENTAL INFORMATION

Calverton Parish Public Trust Authority

COMBINING BALANCE SHEETS

May 31, 1998

	1987 A Bond Fund	1988 D Bond Fund	1989 A Bond Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 21,400	\$ 2,087,833	\$ 60,908
Investment securities	-	-	-
Mortgage-backed securities, net of deferred interest of \$13,133 and discounts of \$4,281	-	-	3,146,653
Mortgage loans receivable	-	-	-
Accounts receivable	-	-	-
Accrued interest receivable	6,508	10,253	7,517
Deferred financing costs, net of accumulated amortization of \$1,874,041	-	38,348	17,373
Other assets	-	-	-
Furniture, fixtures, and equipment, net of accumulated depreciation of \$3,273	-	-	-
Due from other funds	-	-	-
<b>Total Assets</b>	<b>\$ 27,908</b>	<b>\$ 2,096,631</b>	<b>\$ 1,232,851</b>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 2,384	\$ 183
Accrued interest payable	-	17,639	8,349
Mortgage revenue bonds payable	-	2,562,187	1,228,718
<b>Total Liabilities</b>	<b>-</b>	<b>2,564,570</b>	<b>1,237,250</b>
<b>FUND EQUITY</b>			
Residual earnings (deficit)	( 362,194)	158,750	3,794
Additional paid-in capital	399,186	( 21,869)	-
<b>Total Fund Equity</b>	<b>37,712</b>	<b>( 13,119)</b>	<b>3,794</b>
<b>Total Liabilities and Equity</b>	<b>\$ 37,712</b>	<b>\$ 2,058,631</b>	<b>\$ 1,232,851</b>

1991 A Bond Fund	1992 B Bond Fund	1997 A Bond Fund	1998 A/B Bond Fund	Operating Fund	Combined Totals
\$ 2,177,838 3,825,793	\$ 113,967 288,589	\$ 25,367 11,987,487	\$ 383,959 11,582,858	\$ 79,141 558,633	\$ 5,499,411 30,357,490
-	-	687,605	4,796,323	-	6,358,285
9,344,341	2,857,938	-	-	240,244	12,542,523
-	-	-	-	8,534	8,534
67,986	19,032	128,888	81,607	8,878	326,389
100,142	71,427	382,573	582,766	-	1,136,908
-	834	-	-	-	834
-	-	-	-	3,273	3,273
<u>( 16,781)</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>18,281</u>	<u>          </u>
<u>\$ 17,693,937</u>	<u>\$ 3,504,797</u>	<u>\$ 12,921,528</u>	<u>\$ 12,131,493</u>	<u>\$ 904,964</u>	<u>\$ 56,193,288</u>
\$ 13,400 572,521 34,175,080	\$ - 13,380 3,478,526	\$ - 89,008 12,588,800	\$ 35,876 152,388 18,677,314	\$ 3,472 - 	\$ 55,517 853,281 51,208,637
19,868,901	3,495,409	12,699,809	18,865,799	3,472	81,929,445
1,943,861 789,342	( 6,418) 52,796	121,239 380,809	89,874 247,828	( 134,079) 1,655,212	1,218,147 2,657,836
3,283,866	46,378	322,338	266,692	868,999	3,973,763
<u>\$ 17,693,937</u>	<u>\$ 3,504,797</u>	<u>\$ 12,921,528</u>	<u>\$ 12,131,493</u>	<u>\$ 904,964</u>	<u>\$ 56,193,288</u>



**Calcasieu Parish Public Trust Authority**

**COMBINING STATEMENTS OF REVENUES AND EXPENSES**

Year Ended May 31, 1998

	1997 A	1998 B	1999 A
	Bond Fund	Bond Fund	Bond Fund
<b>REVENUES</b>			
<b>INTEREST INCOME</b>			
Investment securities	\$ 8,174	\$ 14,568	\$ 710
Mortgage-backed securities	231,201	288,375	118,524
Mortgage loans receivable	-	-	-
Gain on disposal of foreclosed assets	-	-	-
	<u>240,135</u>	<u>304,143</u>	<u>119,234</u>
<b>Interest Expense</b>			
Bond interest	<u>215,638</u>	<u>230,353</u>	<u>186,248</u>
<b>Net Interest Income</b>	<b>28,737</b>	<b>73,990</b>	<b>4,486</b>
<b>Operating Income</b>			
Servicing fees	-	-	-
Mortgage credit certificate program revenues	-	-	-
Participation fees	<u>-</u>	<u>-</u>	<u>-</u>
<b>Operating Expenses</b>			
Mortgage servicing fees	-	-	671
Mortgage insurance	-	-	-
Mortgage credit certificate program expenses	-	-	-
Amortization of deferred charges	82,834	15,420	4,171
Amortization of premiums	-	-	-
Accounting and auditing fees	-	-	-
Trustee and paying agent fees	4,638	5,141	678
Administrative expenses	-	-	-
Depreciation expenses	-	-	-
Grants	<u>67,490</u>	<u>20,561</u>	<u>5,515</u>
<b>Net Revenues over (under) Expenses</b>	<b>\$ <u>69,761</u></b>	<b>\$ <u>83,429</u></b>	<b>\$ <u>1,830</u></b>

1991 A Bond Fund	1992 B Bond Fund	1997 Bond Fund	1998 A/B Bond Fund	Operating Fund	Combined Totals
\$ 541,136	\$ 34,280	\$ 773,079	\$ 69,204	\$ 36,272	\$ 1,478,483
-	-	-	99,734	-	99,734
1,815,787	278,864	-	-	23,319	1,209,890
<u>20,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,209</u>
1,577,693	305,144	773,079	119,518	59,591	3,490,197
1,176,732	253,399	687,436	86,316	-	2,729,002
480,321	47,435	125,683	23,202	59,991	761,365
-	-	-	-	24,197	24,197
-	-	-	-	2,890	2,890
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	26,997	26,997
96,281	15,248	-	-	1,172	63,372
26,748	8,456	-	-	366	35,570
-	-	-	-	-	-
47,636	18,457	5,780	-	-	174,318
-	-	-	-	31	31
-	-	-	-	18,290	18,290
11,820	2,674	5,080	4,000	3,674	41,605
13,083	3,387	6	128	32,870	51,685
-	-	-	-	1,559	1,559
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,290</u>	<u>5,290</u>
147,528	47,822	10,766	-4,128	67,272	291,680
\$ 262,783	\$ 387,111	\$ 814,802	\$ 29,072	\$ 19,216	\$ 397,282

**Calcasieu Parish Public Trust Authority**

**COMBINING STATEMENTS OF FUND EQUITY**

Year Ended May 31, 1998

	1987 A <u>Bond Fund</u>	1988 B <u>Bond Fund</u>	1989 A <u>Bond Fund</u>
<b>Fund Equity (Deficit):</b>			
Balance at beginning of year	\$ ( 901,405)	\$ 97,901	\$ 4,828
Net income	( 68,353)	93,029	( 1,025)
Balance at end of year	( 562,088)	190,730	3,794
<b>Additional Paid-in Capital:</b>			
Balance at beginning of year	410,060	-	-
Transfers from other funds	-	-	-
Capital transfer	( 19,952)	( 73,668)	-
Balance at end of year	390,108	( 73,668)	-
<b>Total Fund Equity</b>	<b>27,910</b>	<b>73,662</b>	<b>3,794</b>
Fund equity reserved under provisions of bond indentures	( 27,910)	( 73,662)	( 3,794)
<b>FUND EQUITY, unreserved</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>

1991 A Bond Fund	1992 A Bond Fund	1997 A Bond Fund	1998 A/B Bond Fund	Operating Fund	Combined Totals
\$ 1,289,868	\$ ( 6,231)	\$ 1,493	\$ -	\$ ( 73,941)	\$ 918,869
<u>252,799</u>	<u>( 287)</u>	<u>114,837</u>	<u>19,625</u>	<u>38,318</u>	<u>387,282</u>
1,542,667	( 6,518)	122,330	19,625	( 35,623)	1,396,142
789,345	52,996	356,800	-	1,695,215	2,697,616
-	-	-	247,020	-	247,020
<u>-</u>	<u>-</u>	<u>(150,000)</u>	<u>-</u>	<u>-</u>	<u>( 247,020)</u>
789,345	52,996	206,800	247,020	1,695,215	2,697,616
2,322,006	46,378	322,330	266,695	980,599	3,678,763
(2,353,086)	( 46,378)	( 322,330)	(266,695)	-	(3,072,129)
\$ -	\$ -	\$ -	\$ -	\$ 980,599	\$ 980,599

Calcasieu Parish Public Trust Authority

**COMBINING STATEMENTS OF CASH FLOWS**

Year ended May 31, 1998

	1997 A. Bond Fund	1998 B Bond Fund	1999 A Bond Fund
<b>Cash flows from operating activities:</b>			
Net Income (Loss)	\$( 69,754)	\$ 53,429	\$( 1,826)
Adjustments to reconcile to net cash provided by (used in) operating activities:			
Amortization of deferred income	( 25,279)	( 81,306)	( 1,890)
Accrual (amortization) of original issue discount	-	-	( 3,810)
Amortization of deferred financing costs	82,814	15,429	4,171
Depreciation expense	-	-	-
Gain on disposal of fixed asset	-	-	-
Net changes in:			
Accounts receivable	-	-	-
Accrued interest receivable	11,868	11,676	1,654
Other asset	-	-	-
Accounts payable	-	2,340	( 38)
Accrued interest payable	( 12,622)	( 3,519)	( 1,488)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>( 19,221)</b>	<b>( 1,980)</b>	<b>( 1,610)</b>
<b>Cash flows from financing activities:</b>			
Finance costs	-	-	-
Principal payments on bonds	(2,811,408)	( 316,999)	( 241,352)
Proceeds from bond sale	( 19,952)	( 71,864)	-
Transfers to other funds	-	-	-
Transfers from other funds	-	-	-
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(2,831,360)</b>	<b>( 388,863)</b>	<b>( 241,352)</b>
<b>Cash flows from investing activities:</b>			
Mortgage loans receivable, net	-	-	-
Proceeds from sale of real estate, net of cost	-	-	-
Proceeds from investment securities maturities	-	-	-
Purchases of investment securities	-	-	-
Purchase of fixed assets	-	-	-
Proceeds of mortgage-backed securities maturities	2,781,759	3,178,180	254,020
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>2,781,759</b>	<b>3,178,180</b>	<b>254,020</b>
Net increase (decrease) in cash	51,363	1,574,044	4,787
Cash and cash equivalents, beginning of year	218	12,987	52,581
Cash and cash equivalents, end of year	<b>\$ 279,726</b>	<b>\$ 1,607,031</b>	<b>\$ 57,368</b>





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

To the Board of Trustees  
Calcasieu Parish Public Trust Authority  
Lake Charles, LA

We have audited the financial statements of the Calcasieu Parish Public Trust Authority as of and for the years ended May 31, 1998 and 1997, and have issued our report thereon dated November 13, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Calcasieu Parish Public Trust Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instance of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Calcasieu Parish Public Trust Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

To the Board of Trustees  
Calcasieu Parish Public Transit Authority  
Page 2

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Lake Charles, LA  
November 13, 1998