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General Purpose Financial Statements and  
Independent Auditors' Report

**CALCASIEU PARISH PUBLIC  
TRUST AUTHORITY**

May 31, 1997 and 1996

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## 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, 1997 and 1996, and the related consolidated 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. Those 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 statement 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, 1997 and 1996, 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 25 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 11, 1997 on our consideration of Calcasieu Parish Public Trust Authority's internal control structure and a report dated November 11, 1997 on its compliance with laws and regulations.

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

November 11, 1997

## Cabreros Parish Public Trust Authority

## COMBINED BALANCE SHEETS

May 31, 1997 and 1996

ASSETS	<u>1997</u>	<u>1996</u>
Cash and cash equivalents	\$ 2,078,082	\$ 3,015,180
Investment securities	19,688,716	7,089,674
Mortgage-backed securities, net of deferred income of \$164,540 and \$172,631, and discounts of \$4,348 and \$4,493 in 1997 and 1996, respectively	7,129,531	8,082,793
Mortgage loans receivable	15,183,461	17,240,017
Accounts receivable	8,208	518
Accrued interest receivable	194,810	116,472
Deferred financing costs, net of accumulated amortization of \$951,444 and \$947,408 in 1997 and 1996, respectively	704,464	614,211
Other assets	907	1,000
Furniture, fixtures, and equipment, net of accumulated depreciation of \$4,149 and \$2,743 in 1997 and 1996, respectively	<u>2,882</u>	<u>4,388</u>
<b>Total Assets</b>	<b><u>\$ 44,989,043</u></b>	<b><u>\$ 36,895,416</u></b>
<b>LIABILITIES</b>		
Accounts payable	\$ 41,575	\$ 22,296
Accrued interest payable	835,667	868,174
Mortgage revenue bonds payable	<u>40,235,538</u>	<u>22,775,118</u>
<b>Total Liabilities</b>	<b><u>41,112,780</u></b>	<b><u>23,165,138</u></b>
<b>FUND EQUITY</b>		
Retained fund equity	2,695,267	2,155,148
Unreserved fund equity	<u>881,221</u>	<u>1,295,338</u>
<b>Total Fund Equity</b>	<b><u>3,576,488</u></b>	<b><u>3,450,486</u></b>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$ 44,989,041</u></b>	<b><u>\$ 36,895,416</u></b>

See notes to combined financial statements.

Calverton Parish Public Trust Authority

COMBINED STATEMENTS OF REVENUES AND EXPENSES

Years Ended May 31, 1997 and 1996

	<u>1997</u>	<u>1996</u>
<b>REVENUES</b>		
Interest Income		
Investment securities	\$ 715,770	\$ 600,885
Mortgage-backed securities	862,804	718,916
Mortgage loans receivable	1,529,517	1,295,819
Gain on disposal of foreclosed assets	<u>4,682</u>	<u>12,078</u>
	2,912,763	3,117,718
<b>EXPENSES</b>		
Interest Expense		
Bond interest	<u>2,384,601</u>	<u>2,285,958</u>
	<b>Net Interest Income</b>	<b>628,162</b>
	<b>528,762</b>	<b>685,558</b>
<b>Operating Income</b>		
Servicing fees	23,209	19,215
Mortgage credit certificate program revenues	3,350	8,668
Participation fees	<u>8,500</u>	<u>7,000</u>
	<u>35,059</u>	<u>34,883</u>
<b>Operating Expenses</b>		
Mortgage servicing fees	33,453	84,615
Mortgage insurance	22,445	21,609
Mortgage credit certificate program expenses	6,058	40,790
Amortization of deferred charges	113,056	80,817
Amortization of premiums	797	781
Accounting and auditing fees	13,238	12,680
Trustee and paying agent fees	30,959	36,712
Administrative expenses	98,982	76,255
Depreciation expense	1,408	1,485
Grants	<u>10,000</u>	<u>10,000</u>
	<u>330,818</u>	<u>471,445</u>
	<b>Net Revenues over Expenses</b>	<b>\$ 178,645</b>
	<b>\$ 224,000</b>	<b>\$ 178,645</b>

See notes to combined financial statements.

Caldwell Parish Public Trust Authority  
**COMBINED STATEMENTS OF FUND EQUITY**

Years Ended May 31, 1997 and 1996

	<u>1997</u>	<u>1996</u>
<b>FUND EQUITY:</b>		
Balance at beginning of year	\$ 684,862	\$ 999,192
Net income	<u>234,803</u>	<u>175,665</u>
Balance at end of year	<u>919,665</u>	<u>1,174,857</u>
Additional Paid-in Capital	2,652,616	2,671,046
Total Fund Equity	3,572,281	3,845,903
Fund equity reserved under provisions of bond indentures	(2,693,282)	(2,171,488)
<b>FUND EQUITY, unreserved</b>	<b>\$ 878,999</b>	<b>\$ 1,674,415</b>

See notes to combined financial statements.

Calcasieu Parish Public Trust Authority

COMBINED STATEMENTS OF CASH FLOWS

Years Ended May 31, 1997 and 1996

	1997	1996
<b>Cash flows from operating activities</b>		
Net Income	\$ 234,883	\$ 170,665
Adjustments to reconcile to net cash provided by operating activities:		
Gain (loss) operating activities:		
Amortization of deferred income	( 26,199)	( 11,983)
Accrual (amortization) of original issue discount	( 1,589)	166
Amortization of deferred financing costs	114,570	10,058
Depreciation expense	1,486	2,428
Gain on disposal of fixed asset	( 4,827)	( 1,178)
Net changes in:		
Accounts receivable	( 1,438)	1,328
Accrued interest receivable	( 31,290)	10,628
Other assets	142	99
Accounts payable	19,279	( 1,784)
Accrued interest payable	( 28,458)	( 11,180)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>215,295</u>	<u>289,256</u>
<b>Cash flows from financing activities</b>		
Proceeds from bond sales	12,900,880	-
Principal payments on bonds	( 4,244,000)	( 2,419,168)
Transfers to other funds	( 363,512)	( 2,935)
Transfers from other funds	352,111	2,887
Bond issue costs	( 211,583)	-
<b>NET CASH PROVIDED (USED IN) BY FINANCING ACTIVITIES</b>	<u>8,614,996</u>	<u>( 2,419,168)</u>
<b>Cash flows from investing activities</b>		
Mortgage loans receivable, net	2,405,898	2,719,162
Proceeds from sales of real estate	40,881	24,110
Proceeds of investment securities, maturities	2,943,484	4,917,017
Purchase of investment securities	(13,960,577)	( 4,147,110)
REO additions	( 30,038)	-
Proceeds of mortgage-backed securities, maturities	98,611	92,178
<b>NET CASH PROVIDED (USED IN) BY INVESTING ACTIVITIES</b>	<u>1,923,149</u>	<u>3,605,347</u>
<b>Net increase (decrease) in cash</b>	<b>1,043,140</b>	<b>1,065,915</b>
<b>Cash and cash equivalents, beginning of year</b>	<u>3,615,085</u>	<u>2,549,170</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 4,658,225</u>	<u>\$ 3,615,085</u>

Supplemental Disclosure: Cash paid for bond interest was \$2,434,008 and \$2,638,880 in 1997 and 1996, respectively through escrowees. Bond issue cost paid from disclosures was \$18,118 and \$8 in 1997 and 1996, respectively. See notes to combined financial statements.

Calcasieu Parish Public Trust Authority

NOTES TO COMBINED FINANCIAL STATEMENTS

May 31, 1997 and 1996

**1. Organization**

The Calcasieu Parish Public Trust Authority was created through a trust instrument dated May 14, 1978, 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 general enabling grants the Authority the right to obtain monies to promote the financing and development of any essential program conducted in the public 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 to 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 unencumbered resources.

The financial statements of the individual bond funds are presented on a combined basis. All inter-fund 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 notes 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 Public Trust Authority 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 unrepresentative.

Calcasieu Parish Public Trust Authority

NOTES TO COMBINED FINANCIAL STATEMENTS

May 31, 1997 and 1996

2. Summary of Significant Accounting Policies: (Continued)

Basis of Accounting and Financial Reporting - (Continued)

Governmental Accounting Standards Board Statement 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 general purpose 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, 1997 and 1996

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

**Ferventness 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 these 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 carried 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 amortization of premiums and accretion 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.

Colleton Parish Public Trust Authority

NOTES TO COMBINED FINANCIAL STATEMENTS

May 31, 1997 and 1996

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 acquisition 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 regulatory intervention of the funds due to reorigination of mortgage loans, the entire unamortized balance is recognized as contra interest fee income.

The allowance for loan losses is increased by changes to income and recoveries and decreased by charges. Its 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 Foreclosure**

Real estate properties acquired through loan foreclosure 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, 1997 and 1996

**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 \$2,078,882 and \$1,025,183 at May 31, 1997 and 1996, respectively. The FDIC insured cash and cash equivalents in the amount of \$483,483 and \$355,876 at May 31, 1997 and 1996, 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 life 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 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 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, 1997 and 1996

4. Investment Securities (Continued)

May 31, 1997

	Category <u>1</u>	Carrying <u>Value</u>	Market <u>Value</u>
U.S. Treasury Bonds	\$ 500,640	\$ 500,640	\$ 496,506
GNMA Mortgage-backed Securities Investment Agreements	7,125,531	7,125,531	7,285,060
	<u>18,186,078</u>	<u>18,186,078</u>	<u>18,189,076</u>
Totals	\$26,812,247	\$26,812,247	\$27,079,742

May 31, 1996

	Category <u>1</u>	Carrying <u>Value</u>	Market <u>Value</u>
U.S. Treasury Bonds	\$ 851,413	\$ 851,413	\$ 857,117
GNMA Mortgage-backed Securities Investment Agreements	8,062,793	8,062,793	8,254,492
	<u>6,238,411</u>	<u>6,238,411</u>	<u>6,238,411</u>
Totals	\$15,152,617	\$15,152,617	\$15,349,980

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

May 31, 1997

	Amortized <u>Cost</u>	Unrealized Gain(Loss)	Market <u>Value</u>
U. S. Treasury Bonds	\$ 500,640	\$ 1,364	\$ 496,576
Investment Agreements	<u>18,186,078</u>	<u>-</u>	<u>18,189,076</u>
	\$18,686,718	\$ 1,364	\$18,694,752

Calcasieu Parish Public Trust Authority

NOTES TO COMBINED FINANCIAL STATEMENTS

May 31, 1997 and 1996

4. Investment Securities (Continued)

May 31, 1996

	Amortized Cost	Unrealized Gain/(Loss)	Market Value
U. S. Treasury Bonds	\$ 801,413	\$ 794	\$ 802,207
Investment Agreements	6,278,411	—	6,278,411
	<u>\$ 7,079,824</u>	<u>\$ 794</u>	<u>\$ 7,080,618</u>

The investment agreements are between the Authority and Berkshire Hathaway, Inc. The agreements contain provisions that stipulate in the event Berkshire Hathaway's senior unsecured long-term debt rating by Moody's Investors Service, Inc., falls below Aa2 for the 1991 Series A Agreement or A3 for the 1991 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 mortgage-backed securities have interest rates ranging from 8.00% to 8.97%. These securities are carried on the balance sheet net of deferred revenues in the amount of \$164,540 and \$172,671 and discounts of \$4,340 and \$4,492 at May 31, 1997 and 1996, respectively. Monthly principal and interest payments from the GNMA mortgage-backed securities are guaranteed by GNMA and flow through to the holders of the 1987 Series A, 1988 Series B and 1989 Series A Mortgage Revenue Bonds.

May 31, 1997

	Amortized Cost	Unrealized Gain/(Loss)	Market Value
GNMA Mortgage-backed Securities	\$ 7,125,531	\$ 268,369	\$ 7,393,900

Caldwell Parish Public Trust Authority

NOTES TO COMBINED FINANCIAL STATEMENTS

May 31, 1997 and 1996

5. Mortgage-Backed Securities (Continued)

May 31, 1996	Amortized Cost	Unamortized Gain/(Loss)	Market Value
GNMA Mortgage-backed Securities	\$ 8,062,753	\$ 192,899	\$ 8,255,652

These investments mature after 30 years.

6. Mortgage Loans Receivable

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

	May 31, 1997	May 31, 1996
1991 Series A	\$ 11,442,351	\$ 13,216,448
1992 Series B	3,499,394	4,897,173
Operating Fund	245,838	284,318
	<u>\$ 15,187,583</u>	<u>\$ 17,397,939</u>

7. Mortgage Revenue Bonds Payable

Mortgage revenue bonds outstanding are as follows:

	May 31, 1997	May 31, 1996
1987 Series A:		
Current interest bonds dated April 7, 1988, with a scheduled maturity on December 1, 2012, bearing interest at 8.125% payable monthly	\$ 2,621,418	\$ 2,891,143

Calcasieu Parish Public Trust Authority

NOTES TO COMBINED FINANCIAL STATEMENTS

May 31, 1993 and 1996

7. Mortgage Revenue Bonds Payable (Continued)

	May 31, 1993	May 31, 1996
<b>1988 Series B:</b>		
Current interest bonds, dated December 1, 1988, with a scheduled maturity on June 1, 2002, bearing interest at 8.25% payable monthly	3,073,386	3,461,578
<b>1989 Series A:</b>		
Current interest bonds, dated December 1, 1989, with a scheduled maturity on June 1, 2001, bearing interest at 7.90% payable monthly	1,664,463	1,864,978
<b>1991 Series A:</b>		
Current interest bonds, dated May 1, 1991 due June 1, 2012 with scheduled mandatory redemptions, bearing interest at 7.75% payable semiannually on June 1 and December 1	12,378,800	15,081,000
Current interest bonds, dated May 1, 1991 due December 1, 2012 with scheduled mandatory redemptions, bearing interest at 7.75% payable semiannually on June 1 and December 1	4,375,800	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 6.375% payable semiannually on May 1 and November 1	895,800	1,131,000
Current interest bonds, dated December 1, 1992, due November 1, 2002 with scheduled mandatory redemptions, bearing interest at 6.875% payable semiannually on May 1 and November 1	2,948,800	3,291,000

Calverton Parish Public Trust Authority  
**NOTES TO COMBINED FINANCIAL STATEMENTS**

May 31, 1997 and 1996

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

	May 31, 1997	May 31, 1996
<b>1992 Series B:</b>		
Compensated interest bonds, dated December 1, 1992, due May 1, 2013 bearing interest of 7.250% payable at maturity	291,051	271,006
<b>1997 Series A:</b>		
Fixed rate bonds, dated April 1, 1997, due April 1, 2002 bearing interest of 6.40% payable semiannually on October 1, and April 1	8,250,000	-
Convertible option bonds, dated April 1, 1997, due April 1, 2002 bearing interest of 4.375% payable semiannually on October 1 and April 1	8,250,000	-
	<b>\$48,335,318</b>	<b>\$22,274,518</b>

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

Ending May 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1998	\$ 1,441,861	\$ 2,873,256	\$ 4,315,117
1999	1,627,538	2,698,379	4,325,917
2000	1,744,626	2,573,454	4,318,080
2001	1,880,458	2,441,144	4,321,604
2002	1,620,734	2,294,609	4,315,343
Thereafter	<u>31,820,111</u>	<u>12,214,214</u>	<u>48,534,325</u>
	<b>\$48,335,318</b>	<b>\$30,661,558</b>	<b>\$78,996,876</b>



**Caldesia Parish Public Trust Authority**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

May 31, 1997 and 1996

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

The bonds outstanding under the 1987 Series A, 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 thereon the GNMA securities become available.

The 1987 Series A and 1988 Series B bonds are subject to optional redemption at par by the Authority at 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, 2002 and December 1, 2012 are subject to redemption on or after June 1, 2001, at the option of the Authority, at any time from available monies at a redemption price equal to 103% 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 interest-bearing 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 103% 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.

The Series 1997 A bonds are subject to redemption at par 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 8.40%. The Convertible Option Bonds bear an annual interest of 4.335% until the remarketing date of July 1, 1998 at which time the interest rate shall be the rate for a 60-day non-convertible commercial paper published that day or 80% 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 1% on each subsequent April 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, 1997 and 1996

8. Industrial Development Revenue Bonds Payable:

The industrial development revenue bond issues include a covenant which provides that the bonds are 100% of the 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, 1997	May 31, 1996
1985 Series A Bond Program, (Calcasieu Television and Radio, Inc., Project)	\$ -	\$ 794,313
1985 Series Bond Program, (Huber Oil of Louisiana, Inc. Project)	840,000	966,076
1985 Series Bond Program, (Lafayette & Cooley, Ltd., CPAs Project)	90,134	91,843
1994 Series Bond Program, (PPG Industries, Inc., Project)	1,280,000	1,280,000
	<u>\$ 2,390,134</u>	<u>\$ 3,032,232</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:

Calcasieu Parish Public Trust Authority

NOTES TO COMBINED FINANCIAL STATEMENTS

May 31, 1997 and 1996

9. Related Party Transactions: (Continued)

	May 31, 1997	May 31, 1996
Francis Halloran	\$ 500	\$ 450
Robert Goldsmith	500	500
Mildred Keenan	400	250
Robert Jones	550	600
John Nash	600	550
Stanley Nichols	550	550
Allen Singletary	600	550
Alvin Stevens	550	550
John Wright	350	1,100
	<u>\$ 4,500</u>	<u>\$ 4,500</u>

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, 1997 and 1996, the unbalanced portions of these two pledges was \$60,000 and \$75,000, respectively. These donations are to be used to facilitate the revitalization 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 \$3,800,000 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 (3% for this program) of the interest paid on their mortgage up to \$2,000.

SUPPLEMENTAL INFORMATION

**Calcasieu Parish Public Trust Authority**

**COMBINING BALANCE SHEETS**

May 31, 1987

	1987 A Bond Fund	1986 B Bond Fund	1985 A Bond Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 109	\$ 12,087	\$ 12,304
Investment securities	-	-	-
Mortgage-backed securities, net of deferred income of \$161,548 and discounts of \$4,140	1,646,511	1,803,190	1,597,678
Mortgage loans receivable	-	-	-
Accounts receivable	-	-	-
Accrued interest receivable	18,376	22,199	6,979
Deferred financing costs, net of accumulated amortization of 1881,944	82,834	51,868	21,714
Other assets	-	-	-
Furniture, fixtures, and equipment, net of accumulated depreciation of \$4,179	-	-	-
Due from other funds	-	-	-
<b>Total Assets</b>	<b>\$ 1,747,929</b>	<b>\$ 1,886,244</b>	<b>\$ 1,638,695</b>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 211	\$ 72
Accrued interest payable	17,917	21,138	6,717
Mortgage revenue bonds payable	2,652,118	2,653,286	2,695,163
<b>Total Liabilities</b>	<b>2,670,035</b>	<b>2,674,635</b>	<b>2,701,952</b>
<b>FUND EQUITY</b>			
Reserve earnings (deficit)	( 301,645)	87,381	0.00
Additional paid-in capital	418,859	-	-
<b>Total Fund Equity</b>	<b>107,214</b>	<b>87,381</b>	<b>0.00</b>
<b>Total Liabilities and Equity</b>	<b>\$ 1,747,929</b>	<b>\$ 1,886,244</b>	<b>\$ 1,638,695</b>

1991 A Fixed Fund	1991 B Fixed Fund	1997 A Fixed Fund	Operating Fund	Combined Totals
\$ 1,688,147	\$ 171,833	\$ 19,799	\$ 180,618	\$ 2,078,287
6,089,368	418,318	12,683,338	986,649	19,688,715
-	-	-	-	7,025,531
11,487,515	3,699,154	4,348	345,816	19,957,811
-	-	-	8,288	8,288
79,857	8,816	95,284	8,717	199,850
348,818	80,997	314,583	-	704,444
-	937	-	-	937
-	-	-	3,882	3,882
<u>4,177,181</u>	<u>3,709,208</u>	<u>14,703,071</u>	<u>12,782</u>	<u>18,602,044</u>
\$ 19,488,166	\$ 4,408,366	\$ 17,406,142	\$ 894,783	\$ 44,197,457
\$ 15,084	\$ 498	\$ 33,838	\$ 1,832	\$ 41,575
648,889	24,147	112,340	1,291	803,667
<u>16,742,980</u>	<u>24,645</u>	<u>12,850,176</u>	<u>3,123</u>	<u>49,152,219</u>
17,488,953	4,658,716	12,884,014	3,419	41,412,568
1,780,888	( 6,237)	7,460	( 179,041)	918,865
<u>285,131</u>	<u>32,070</u>	<u>330,828</u>	<u>1,003,212</u>	<u>3,651,619</u>
2,066,213	48,785	357,492	881,279	3,873,881
\$ 12,489,358	\$ 4,702,481	\$ 12,923,952	\$ 894,783	\$ 44,999,911

**Caldwell Parish Public Trust Authority**

**COMBINING STATEMENTS OF REVENUES AND EXPENSES**

Year Ended May 31, 1997

	1987 A Dosed Fund	1988 B Dosed Fund	1989 A, Dosed Fund
<b>REVENUES</b>			
<b>INTEREST INCOME</b>			
Investment securities	\$ 646	\$ 3,062	\$ 3,062
Mortgage-backed securities	236,852	288,973	1,16,989
Mortgage loans receivable	-	-	-
Gains on disposal of investment assets	237,498	290,135	136,654
	<u>474,000</u>	<u>582,170</u>	<u>256,705</u>
<b>Interest Expense</b>			
Bond interest	(457,172)	(364,438)	(131,262)
	<u>16,828</u>	<u>217,732</u>	<u>125,443</u>
<b>Net Interest Income</b>	<u>16,828</u>	<u>217,732</u>	<u>125,443</u>
<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	-	-	-
Mortgage insurance	-	-	-
Mortgage credit certificate program expenses	-	-	-
Amortization of deferred charges	54,613	52,599	6,329
Amortization of premiums	-	-	-
Accounting and auditing fees	-	-	-
Treasury and paying agent fees	2,763	3,179	1,618
Administrative expenses	-	-	-
Depreciation expenses	-	-	-
Grants	-	-	-
	<u>57,376</u>	<u>55,778</u>	<u>7,947</u>
<b>Net Revenues over (under) Expenses</b>	<u>\$ 1,452</u>	<u>\$ 161,954</u>	<u>\$ 117,496</u>

1991 A Bond Fund	1992 B Bond Fund	1997 Bond Fund	Operating Fund	Combined Totals
\$ 509,643	\$ 30,891	\$ 118,250	\$ 52,113	\$ 715,978
-	-	-	-	662,814
1,184,244	321,785	-	25,510	1,529,517
<u>8,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,662</u>
1,798,949	352,674	118,250	75,623	2,912,760
<u>1,347,528</u>	<u>308,320</u>	<u>112,248</u>	<u>-</u>	<u>2,181,081</u>
368,851	54,354	( 1,996)	75,625	528,762
-	-	-	23,389	23,389
-	-	-	3,390	3,390
<u>-</u>	<u>-</u>	<u>9,560</u>	<u>-</u>	<u>9,560</u>
-	-	-	26,359	26,699
54,187	18,123	-	1,381	73,453
17,219	5,228	-	-	22,445
-	-	-	6,890	6,890
61,322	18,099	-	-	113,456
-	-	-	797	797
-	-	-	13,230	13,230
13,980	2,328	17	7,892	24,999
13,782	4,718	-	26,482	38,982
-	-	-	1,406	1,406
<u>-</u>	<u>-</u>	<u>-</u>	<u>18,808</u>	<u>18,808</u>
164,420	48,518	17	38,234	328,818
\$ <u>196,523</u>	\$ <u>2,810</u>	\$ <u>7,493</u>	\$ <u>25,944</u>	\$ <u>234,800</u>



**Calcasieu Parish Public Trust Authority**  
**COMBINING STATEMENTS OF FUND EQUITY**

Year Ended May 31, 1997

	1987 A, Bond Fund	1988 B Bond Fund	1989 A, Bond Fund
<b>Fund Equity (Deficit):</b>			
Balance at beginning of year	\$( 294,407)	\$ 87,388	\$ 6,548
Net income	( 1,938)	9,913	( 1,488)
Balance at end of year	( 306,345)	97,301	5,060
<b>Additional Paid-in Capital:</b>			
Balance at beginning of year	410,060	-	-
Capital transfer	-	-	-
Balance at end of year	410,060	-	-
<b>Total Fund Equity</b>	<b>103,715</b>	<b>97,301</b>	<b>5,060</b>
Fund equity removed under provisions of bond indentures	( 108,615)	( 57,301)	( 4,700)
<b>FUND EQUITY, unreserved</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

1991 A. Bond Fund	1992 A. Bond Fund	1997 A. Bond Fund	Operating Fund	Combined Totals
\$ 1,094,345	\$ 9,047	\$ -	\$ 199,983	\$ 604,862
<u>196,523</u>	<u>2,618</u>	<u>7,493</u>	<u>29,844</u>	<u>214,683</u>
1,290,868	( 6,211)	7,493	( 173,943)	918,865
789,345	52,996	-	1,405,215	2,687,616
<u>-</u>	<u>-</u>	<u>258,800</u>	<u>( 350,000)</u>	<u>-</u>
789,345	52,996	258,800	1,055,215	2,687,616
2,080,213	46,785	263,493	883,274	3,573,481
(2,080,213)	( 46,785)	( 263,493)	-	(2,685,201)
\$ -	\$ -	\$ -	\$ 883,274	\$ 883,274

Calverton Park's Public Trust Authority

COMBINING STATEMENTS OF CASH FLOWS

Year Ended May 31, 1991

	1987 A	1988 B	1989 A
	Bond Fund	Bond Fund	Bond Fund
<b>Cash flows from operating activities:</b>			
Net Income (Loss)	\$ 4,985	\$ 8,911	\$ 1,481
Adjustments to reconcile to net-cash provided by (used in) operating activities:			
Amortization of deferred income	( 8,274)	( 13,959)	( 17,499)
Accruals (amortized bond) of original issue discount	4,682	-	( 6,111)
Amortization of deferred financing costs	14,613	12,592	6,829
Depreciation expense	-	-	-
Gain on disposal of fixed-asset assets	-	-	-
Net changes in:			
Accounts receivable	-	-	-
Accrued interest receivable	1,806	2,873	2,118
Other asset	-	-	-
Accounts payable	( 244)	( 81)	( 14)
Accrued interest payable	( 1,860)	( 2,261)	( 2,632)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>2,641</b>	<b>8,222</b>	<b>1,269</b>
<b>Cash flows from financing activities:</b>			
Financing costs	-	-	-
Principal payments on bonds	( 275,257)	( 228,819)	( 441,146)
Proceeds from bond sale	-	-	-
Transfers to other funds	-	-	-
Transfers from other funds	-	-	-
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>( 275,257)</b>	<b>( 228,819)</b>	<b>( 441,146)</b>
<b>Cash flows from investing activities:</b>			
Monypay loans receivable, net	-	-	-
Proceeds from sales of real estate, net of costs	-	-	-
Proceeds from investment securities maturities	-	-	-
Purchases of investment securities	-	-	-
Fee additions	-	-	-
Proceeds of monypay-backed securities maturities	273,560	286,280	416,182
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>273,560</b>	<b>286,280</b>	<b>416,182</b>
Net increase (decrease) in cash	( 316)	( 34,417)	2,199
Cash and cash equivalents, beginning of year	462	67,318	49,792
Cash and cash equivalents, end of year	\$ 146	\$ 32,901	\$ 51,991

1991 A Bond Fund	1990 B Bond Fund	1990 A Bond Fund	Operating Fund	Combined Totals
\$ 196,521	\$ 2,818	\$ 3,490	\$ 23,944	\$ 214,081
-	( 1,103)	-	-	( 26,095)
-	-	-	-	( 1,509)
61,323	18,214	-	-	110,376
( 4,660)	-	-	1,498	1,498
-	-	-	-	( 4,660)
3,350	1,166	( 91,284)	( 3,609)	( 3,609)
( 2,325)	142	-	4,693	( 75,266)
( 169,286)	( 72)	23,818	( 1,882)	19,279
_____	_____	_____	_____	_____
315,288	39,132	51,262	( 5,171)	322,719
-	-	12,598,000	-	12,598,000
( 2,715,000)	( 518,915)	-	-	( 3,233,915)
( 2,349)	( 66)	( 214,383)	-	( 234,383)
80	66	-	( 399,808)	( 332,312)
_____	_____	_____	_____	_____
12,777,889	1,320,641	12,615,617	1,317,510	8,041,384
( 58,338)	-	-	-	( 58,338)
1,768,394	598,892	-	-	2,485,898
40,681	-	-	38,508	40,681
1,940,258	372,468	-	-	2,963,486
( 2,212,070)	( 349,699)	(12,668,289)	690,788	(12,568,317)
_____	_____	_____	_____	_____
1,696,415	691,790	12,668,289	1,389,272	15,212,135
( 1,871,340)	180,851	19,395	36,348	( 947,141)
2,179,182	73,694	-	84,519	2,405,182
\$ 1,628,242	\$ 131,835	\$ 19,392	\$ 108,658	\$ 2,078,082



# Langley, Williams & Company, L.L.C.

## CERTIFIED PUBLIC ACCOUNTANTS

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### INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN ALERT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the general purpose financial statements of the Calcasieu Parish Public Trust Authority, a component unit of the Calcasieu Parish Police Jury, as of and for the year-ended May 31, 1997 and 1998, and have based our report thereon dated November 13, 1997.

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 financial statements are free of material misstatements. In planning and performing our audits of the general purpose financial statements, we considered the Authority's internal control structure in order to determine our auditing procedures necessary for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

The Board of Trustees 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 the internal control policies and procedures.

The objectives of an internal control structure are to provide 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 general purpose 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 system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures into the following categories:

1. Internal and External Financial Reporting
2. Cash Receipts
3. Cash Disbursements
4. Compliance with Laws and Regulations
5. Contracted Services

For all of the categories listed above, 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 planning and performing our audits of the general purpose financial statements of California Parish Public Trust Authority, for the years ended May 31, 1997 and 1998, 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 general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be a material weakness 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 general purpose 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 of the California Parish Public Trust Authority and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*Joseph D. Williams, III, CPA*

November 11, 1997



# Langley, Williams & Company, L.L.C.

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LAKE CHARLES

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NEW ORLEANS

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the general purpose financial statements of the Calcasieu Parish Public Trust Authority, a component unit of the Calcasieu Parish Police Jury, as of May 31, 1997 and 1996, and have issued our report thereon dated November 11, 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

Compliance with laws, regulations, contracts, and covenants of bond indentures applicable to the Calcasieu Parish Public Trust Authority is the responsibility of the Board of Trustees. As part of obtaining reasonable assurance about whether the general purpose financial statements were free of material misstatement, we performed tests on the Authority's compliance with certain provisions of laws, regulations, contracts and covenants of bond indentures. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, the Calcasieu Parish Public Trust Authority is compliant, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Authority had not complied, in all material respects, with those provisions.

This report is intended for the information of the Board of Trustees of the Calcasieu Parish Public Trust Authority and the Legislative Auditor and the State of Louisiana. However, this report is a matter of public record and its distribution is unlimited.

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

November 11, 1997