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LOUISIANA PUBLIC FACILITIES AUTHORITY

DECEMBER 31, 1968

STATE OF LOUISIANA

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Release Date APR 29 1969

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April 7, 1999

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Louisiana Public Facilities Authority (A Public Trust) as of and for the year ended December 31, 1998, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Public Facilities Authority as of December 31, 1998, and the results of its operations and cash flows for the year then ended in conformity with generally Accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of per diem paid trustees for the year ended December 31, 1998, listed in the table of contents is presented for purposes of additional analysis and is not a

required part of the financial statements of the Authority. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements, and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated April 7, 2010, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Respectfully submitted,

Kevin T. Bergquist, CPA

FINANCIAL STATEMENTS

Louisiana Public Facilities Authority

BALANCE SHEET

as of December 31, 1999

ASSETS

Current Assets:	
Cash and Cash Equivalents	\$ 1,066,155
Interest Bearing Deposits	1,377,150
Receivables:	
Advance Costs-Projects	2,946
Program Administrative Fees	137,953
Financing Application Fees	4,500
Project Financing Fees	14,986
Annual Interest Fees	19,940
Accrued Interest and Dividend Receivable	81,483
Local Government Bond Bank	325,500
Loans to Nonprofit Organizations	118,576
Other	<u>6,825</u>
	634,457
Prepaid Expenses	<u>7,856</u>
total Current Assets	2,973,987
Property and Equipment:	
Office Furniture and Equipment	286,830
Leasehold Improvements	<u>3,880</u>
	290,710
Less: Accumulated Depreciation and Amortization	<u>(255,188)</u>
	35,522
Interest Bearing Deposits-Long-Term	3,844,323
Investment Securities-Long-Term	4,763,443
Receivables-Long-Term:	
Reimbursable Bond Insurance Costs, Less	
Allowance for Doubtful Accounts of \$97,300	875,088
Local Government Bond Bank	2,857,000
Loans to Nonprofit Organizations	<u>3,888,000</u>
	4,732,088
total Assets	<u>\$ 13,289,040</u>

The accompanying notes are an integral part of this statement.

LIABILITIES AND FUND EQUITY

Current liabilities:		
Accounts Payable	\$	32,858
Accrued expenses:		
Pension Contribution		<u>31,081</u>
Total current liabilities		63,939
Fund Equity:		
Retained Earnings - Designated		4,887,588
Retained Earnings Unreserved - Undesignated		<u>11,811,821</u>
Total Fund Equity		<u>16,709,409</u>
Total Liabilities and Fund Equity	\$	<u>16,948,048</u>

Louisiana Public Facilities Authority
STATEMENT OF REVENUES AND EXPENDITURES
 for the year ended December 31, 1999

Operating Revenues:	
Program Investment Earnings	\$ 14,139
Project and Program Administrative Fees:	
Finance Acceptance Fees	421,352
Multi-Family Annual Issuer Fees	143,980
Program Administrative Fees	985,144
Financing Application Fees	19,000
Other Income	<u>52,875</u>
Total Operating Revenues	1,651,070
Operating Expenses:	
Legal and Accounting services	202,727
Administrative Services	38,649
Employees' Salaries and Benefits	617,255
Trustee Fee Items	44,000
Provision for Uncollectible Receivables	32,375
Depreciation and Amortization	17,004
Rent	100,834
Insurance	23,138
Office Expense	124,533
Printing, Publications, Dues and Subscriptions	41,532
Travel	46,363
Business Promotion and Economic Development	84,083
Other	<u>38,403</u>
Total Operating Expenses	1,424,088
Income from Operations	227,882
Non-Operating Revenues (Expenses):	
Interest Income, Net	766,544
Realized and Unrealized Loss on Investments	<u>(317,840)</u>
Total Non-Operating Revenues (Expenses)	448,704
Net Income	<u>\$ 676,586</u>

The accompanying notes are an integral part of this statement.

Louisiana Public Facilities Authority
STATEMENT OF CHANGES IN FUND EQUITY
 for the year ended December 31, 1999

	<u>RETAINED EARNINGS</u>		<u>TOTAL FUND EQUITY</u>
	<u>DESIGNATED</u>	<u>UNRESERVED- UNDESIGNATED</u>	
Balance at January 1, 1999	\$ 447,000	\$ 14,895,735	\$ 15,342,735
Net Income		596,596	596,596
Designated for Local Government Bond Bank Program	2,500,000	(2,500,000)	-
Designated for a pledge to bondholders of Louisiana Public Facilities Authority's Student Loan Revenue Bonds Series 1992	750,000	(750,000)	-
Designated for Rural Development Loan Program	3,800,000	(3,800,000)	-
Funding of Local Government Bond Bank Program	<u>12,322,500</u>	<u>(12,322,500)</u>	<u>-</u>
Balance at December 31, 1999	<u>\$ 4,467,500</u>	<u>\$ 11,413,821</u>	<u>\$ 15,881,321</u>

The accompanying notes are an integral part of this statement.

Louisiana Public Facilities Authority

STATEMENT OF CASH FLOWS

for the year ended December 31, 1998

Cash Flow From Operating Activities:	
Income from Operations	\$ 327,000
Adjustments to Reconcile Income from Operations To Net Cash Used in Operating Activities:	
Depreciation and Amortization	17,584
Provision for Uncollectible Receivables	13,375
Changes in Assets and Liabilities:	
(Decrease) Increase in Receivables	(3,508,887)
(Decrease) Decrease in Prepaid Expenses	12,840
Increase (Decrease) in Accounts Payable	(4,501,231)
Increase (Decrease) in Accrued Expenses	<u>17,285</u>
Net Cash Used in Operating Activities	(7,756,853)
Cash Flow from Capital and Related Financing Activities:	
Purchase of Property and Equipment	<u>(2,182)</u>
Net Cash Used in Capital and Related Financing Activities	(2,182)
Cash Flow from Investing Activities:	
Purchase of Interest Bearing Deposits and Investment Securities	(4,390,859)
Proceeds from Sale and Maturity of Interest Bearing Deposits and Investment Securities	4,196,187
Interest on Investments, Interest Bearing Deposits and Cash Equivalents	<u>706,544</u>
Net Cash Provided by Investing Activities	612,872
Net Decrease in Cash and Cash Equivalents	(7,346,819)
Cash and Cash Equivalents - Beginning of Year	<u>4,181,384</u>
Cash and Cash Equivalents - End of Year	\$ <u>1,064,555</u>
Noncash Financial and Investing Activities:	
Amortization of Discounts on Receivables Pased as Imputed Interest Rate of 5.28% Netted with Interest Income	\$ <u>120,408</u>
Realized and Unrealized Loss on Investments	\$ <u>227,648</u>

The accompanying notes are an integral part of this statement.

Louisiana Public Facilities Authority

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

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

The Louisiana Public Facilities Authority (the Authority), a public trust, was created on August 31, 1974 by the Public Facilities Corporation, a Louisiana corporation, as settlor under an instrument of Trust in accordance with the provisions of the Louisiana Public Trust Act R.S. 9:2341 et seq. The Authority operates under a Board of Trustees.

The purposes of the Authority are to promote, encourage and further the accomplishment of all activities which are or may become of benefit to the state of Louisiana and which have a public purpose. To accomplish these purposes, the Authority issues bonds that provide the proceeds for the purchase and accomplishment of various public purposes. The issuance of such obligations has been accounted for through trustee accounts maintained with various banks appointed as trustees. The obligations are limited and special obligations of the Authority and, as such, the Authority does not normally have any claims to assets or liabilities relating to the bond issues. Accordingly, such transactions are not included in the accompanying financial statements until such time as an asset or liability has been determined to exist relating to residual amounts. Total bond principal outstanding at December 31, 1999, for Provérons and Provérons was approximately \$738,800,000 and \$2,328,088,000, respectively.

The accounting and reporting policies of the Authority conform to generally accepted accounting principles applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:927 and to the guides set forth in the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

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

Louisiana Public Facilities Authority
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1989

B. Fund Accounting

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

C. Basis of Accounting

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

D. Reservables

Reservables are stated at their face value less the allowance for doubtful accounts. These allowances are based on the Authority's periodic evaluation of the receivable portfolio and the Authority's past loss experience. The allowances for doubtful accounts are increased by charges to income and decreased by charge-offs (net of recoveries).

The Authority from time to time advances funds to certain bond programs and loans funds to local governmental entities and nonprofit organizations at no interest. Accordingly, a discount is recorded between the present value of the total eventual repayments of the notes, using a rate of interest similar to the rate of return that the Authority receives on its investments. The discounts are amortized over the estimated periods that such funds will be repaid and are included in interest income, net in the financial statements.

E. Investments and Interest Bearing Deposits

Investments and Interest Bearing Deposits are reported at fair value. Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties and is generally based upon quoted values. Reporting Investments and Interest Bearing Deposits at fair value creates fluctuations in reported investment values based on fluctuations in the investment market. Fluctuations in the fair value of Investments and Interest Bearing Deposits are recorded as realized and unrealized gains (losses) in the statement of revenues and expenses.

Louisiana Public Facilities Authority

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1999

F. Property and equipment

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

Office Furniture and equipment	3 - 7 Years
Household improvements	10 Years

All fixed assets are stated at historical costs.

G. Residual Earnings

Program Investment Earnings

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

Project and Program Administrative Fees

Finance Acceptance Fee

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

Multi-Family Annual Issue Fee

The Authority assesses an annual issuer fee on all multi-family bond issues. The fee is based upon a percentage of the outstanding bond principal balance as of January 1 of each year. The percentage usually is either one-twentieth of

Louisiana Public Facilities Authority
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1999

one percent for pre 1988 issues or one-tenth of one percent for issues thereafter. The fee covers general administration expenses incurred by the Authority.

Program Administration Fees

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

Financing Application Fee

The Authority assesses a non-refundable financing application fee of \$500 on all project-financing applications formally submitted for consideration by the Authority's board of trustees.

H. Income Taxes

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

I. Statement of Cash Flows

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

J. Estimates and Assumptions

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

Louisiana Public Facilities Authority

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1989

Note 2 - Cash, Cash Equivalents and Investments -

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

Deposits - At year end the carrying amount of the Authority's deposits was \$6,249,777 and the bank balance was \$6,253,521.

Cash Equivalents and Investments - The Authority's investments are categorized below to give an indication of the level of risk assumed by the Authority at year-end. Category 1 includes deposits or investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Authority's name.

	CATEGORIES			CARRYING AMOUNT	MARKET VALUE	UNREALIZED GAIN LOSS
	1	2	3			
<u>Deposits</u>						
<u>Deposits</u>						
Bank Accounts	\$ 105,385	\$ 199,446	\$ -	\$ 304,831	\$ 304,831	\$ -
<u>Investments</u>						
<u>Management</u>						
<u>Contract</u>						
<u>Money Market</u>						
Accounts	-	-	759,314	759,314	759,314	-
<u>Time Certificates</u>						
<u>of Deposit with</u>						
<u>Various Banks</u>	5,088,896	81,386	-	5,170,282	5,123,372	46,910
	<u>\$ 5,194,281</u>	<u>\$ 280,832</u>	<u>\$ 759,314</u>	<u>\$ 6,234,427</u>	<u>6,198,627</u>	<u>\$ 35,800</u>
<u>Investments</u>						
<u>Securities</u>						
<u>U.S. Treasury</u>						
<u>Bonds</u>	\$ -	\$ 5,088,822	\$ -	5,088,822	4,743,441	345,381
				<u>\$ 5,088,822</u>	<u>\$ 4,743,441</u>	<u>\$ 345,381</u>
				<u>\$ 21,237,899</u>	<u>\$ 20,942,388</u>	<u>\$ 295,511</u>

Louisiana Public Facilities Authority
NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1999

The amortized cost and fair value of time certificates of deposit with various banks and investment securities by contractual maturity, as of December 31, 1999 are as follows:

	<u>Time Certificates</u>		<u>Investment Securities</u>	
	<u>Amortized</u>	<u>Fair</u>	<u>Amortized</u>	<u>Fair</u>
	<u>Cost</u>	<u>Value</u>	<u>Cost</u>	<u>Value</u>
2000	\$ 1,277,114	\$ 1,277,158	\$ -	\$ -
2001	1,640,228	1,640,228	-	-
2002	691,176	687,113	557,470	548,821
2003	585,437	571,081	788,855	753,573
2004	985,008	978,353	1,457,324	1,398,328
Thereafter	<u>221,258</u>	<u>224,892</u>	<u>1,205,122</u>	<u>1,072,121</u>
	<u>\$ 5,105,213</u>	<u>\$ 5,123,372</u>	<u>\$ 3,008,222</u>	<u>\$ 4,793,444</u>

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

Cash and Cash Equivalents	\$ 1,068,866
Interest Bearing Deposits - Current	1,277,150
Interest Bearing Deposits - Long-Term	1,640,228
Investment Securities - Long-Term	<u>4,783,444</u>
	<u>\$ 10,949,368</u>

NOTE 3 - Leases -

The Authority leases its office facilities under a non-cancelable operating lease agreement, which expires on February 11, 2003. Rental expense applicable to the Authority's offices included in rent expense for 1999 was \$100,434.

Louisiana Public Facilities Authority
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1989

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

2000	\$ 98,600
2001	98,600
2002	<u>12,400</u>
	<u>\$ 211,600</u>

Note 4 - Employee Retirement Plan -

The Authority sponsors a defined contribution employee retirement plan which covers all employees who have over 300 hours of service with the Authority. Contributions to the plan are subject to a minimum funding requirement of 7% of eligible employee salaries. Amounts above the minimum requirements are discretionary, as determined by the board of trustees. Total contributions are included in employees' salaries and benefits in the accompanying financial statements. The Authority has no additional liability upon the retirement of an employee. The total contribution for the year ended December 31, 1989, was \$37,060.

Note 5 - Litigation -

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

Louisiana Public Facilities Authority
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1999

Note 6 - Commitments and Contingencies -

Fund Contingency

Beneficial interest in special Purpose, Non-Profit Corporations:

The Authority is a sole member in three Louisiana special purpose, non-profit corporations. These corporations were created to facilitate the perfection of certain obligations under repurchase agreements involved with the participating letter of credit bonds associated with specific bond issues. The Authority, as sole member of these corporations, is the beneficiary of any remaining funds upon the dissolution of these corporations. The corporations, along with their respective cash balances as of December 31, 1999, are as follows:

DESCRIPTION	CASH BALANCE AS OF DECEMBER 31, 1999
Louisiana Capital Funding Corporation	\$ 16,781
Louisiana Equipment Finance Corporation	20,841
Louisiana Municipal Assistance Corporation	-----
Total Funds in Which the Authority has a Beneficial Interest	\$ 36,830

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

Note 7 - Fair Value of Reimbursable Bond Issuance Costs, Local Government Bond Bank Receivables, and Loans to Nonprofit Organizations -

In its capacity as issuer of bond Programs and Projects, the Authority may from time to time advance funds to facilitate the issuance of certain bonds. These advances or Reimbursable Bond Issuance Costs are interest free and are to be repaid with residual proceeds from the individual Programs or Projects. During 1999, the Authority implemented its "Bond Bank" Program whereby it can lower

Louisiana Public Facilities Authority

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1999

the cost of local governmental borrowings by making direct loans for a portion of the borrowing at a 0% interest rate. In addition, in 1999 the Authority loaned certain nonprofit organizations funds at 0% interest so that the organizations could secure additional funding from other sources.

The fair value for these reimbursable bond insurance costs, Local Bond Bank Receivables, and loans to nonprofit organizations are estimated using discounted cash flow analyses, with interest rates similar to the rate of return that the Authority receives on its investments which was 5.72% for the year ended December 31, 1999. The terms used in calculating the discounted cash flows are estimated based upon the maturity dates of the bond issues in which monies were advanced for the Reimbursable Bond Insurance Costs and the actual loan maturity dates for the Local Bond Bank Receivables and the loans to Nonprofit Organizations. The carrying value and fair value of Reimbursable Bond Insurance Costs, Local Bond Bank Receivables, and Loans to Nonprofit Organizations are as follows:

	<u>CARRYING VALUE</u>	<u>UNAMORTIZED DISCOUNT</u>	<u>FAIR VALUE</u>
Reimbursable Bond Insurance Costs	\$ <u>675,000</u>	\$ <u>265,288</u>	\$ <u>609,712</u>
Local Bond Bank Receivables	\$ <u>3,282,500</u>	\$ <u>474,151</u>	\$ <u>3,008,349</u>
Loans to Nonprofit Organization	\$ <u>1,518,575</u>	\$ <u>511,435</u>	\$ <u>1,007,140</u>

The total amount of discount amortized and netted with interest income for the year ended December 31, 1999 was \$128,400.

Note 5 - Designated Fund Equity -

The Authority periodically designates a portion of its fund balances to be appropriated for specific purposes. In 1996, the Authority designated \$500,000 for its newly implemented Bond Bank Program whereby it 0%s lower the cost of local governmental borrowings by making direct loans for a portion of the borrowings at 0% interest rate. In 1999, the Authority's board of trustees increased the fund balance designation for the Bond Bank Program to \$3,282,500. As of December 31, 1999, the Authority had outstanding loans of \$3,282,500, which are reflected on the balance sheet as Local Government Bond Bank Receivables. The unfunded portion of the designated fund balance

Louisiana Public Facilities Authority
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1999

totalled \$713,508 and is reflected on the balance sheet as Retained Earnings-Designated.

In 1999, the Authority's Board of Trustees designated an additional \$3,008,000 of the Authority's fund equity for its newly implemented Rural Development Interest-free Loan Program. This program is designed to assist local governmental entities by making direct loans to them at a 4% interest rate for a portion of their interim construction financing for rural development projects. As of December 31, 1999, there were no outstanding loans in this program and the total \$3,008,000 is reflected on the Balance Sheet as Retained Earnings-Designated.

In 1999, in connection with the issuance and refunding of certain bonds, the Authority's Board of Trustees designated \$750,000 of the Authority's fund equity as a pledge to the bondholders of the Louisiana Public Facilities Authority's Student Loan Revenue Bonds, Series 1992. The total \$750,000 is reflected on the Balance Sheet as Retained Earnings-Designated.

REQUIRED SUPPLEMENTARY INFORMATION

Louisiana Public Facilities Authority
SCHEDULE OF FEES PAID TRUSTEES
 for the year ended December 31, 1989

Thomas A. Antoon - Chairman	\$ 23,988
Gene Brennan, Jr. - Vice Chairman	7,988
Leslie Coleman, Sr. - Secretary/Treasurer	7,988
Victor Bussie - Member	-
Florice D. Barron - Member	<u>6,400</u>
	\$ <u>46,000</u>

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



Hannis T. Bourgeois, L.L.P.

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April 7, 2000

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

We have audited the financial statements of the Louisiana Public Facilities Authority (the Authority) as of and for the year ended December 31, 1999, and have issued our report thereon dated April 7, 2000. 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 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 instances 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 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 operation that we consider to be material weaknesses.

This report is intended solely for the information of the Board of Trustees, management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Harold T. Boyers, L.L.P.