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MONROE-WEST MONROE (OUACHITA PARISH) PUBLIC TRUST FINANCING AUTHORITY

Independent Auditors' Report and Financial Statements for the Years Ended July 31, 1997 and 1996

Independent Auditors' Report on the Internal Control Structure

Independent Auditors' Compliance Report Based on an Audit of the Financial Statements

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

Release Date MAR 11 1998

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the
Monroe-West Monroe (Ouachita Parish)
Public Trust Financing Authority

We have audited the accompanying individual program and unrestricted fund balance sheets of the Monroe-West Monroe (Ouachita Parish) Public Trust Financing Authority (the Authority) as of July 31, 1997 and 1996, and the related individual statements of revenues, expenses and changes in fund balances (deficits) and cash flows for the years then ended. 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 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 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 audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of each of the individual programs and the unrestricted fund of the Authority at July 31, 1997 and 1996, and their revenues, expenses and changes in fund balances (deficits) and their cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 14, 1998 on our consideration of the Authority's internal control structure and a report dated January 14, 1998 on its compliance with laws and regulations.

Deloitte & Touche LLP

January 14, 1998

MONROE-WEST MONROE (OUACHITA PARISH) PUBLIC TRUST FINANCING AUTHORITY

INDIVIDUAL FUND BALANCE SHEETS
JULY 31, 1997 (IN THOUSANDS)

ASSETS	1979 Program	1988 Program	1990A Program	1990B Program	1990C Program	Unrestricted Fund
Cash and cash equivalents	$ 1,793	$ 221	$ 9	$ 81	$ -	$ 169
U.S. Government securities - at amortized cost	22,328	-	7	2,771	-	2,082
Mortgage-backed securities	-	-	783	-	-	-
Mortgage loans receivable - net	-	7,295	-	482	-	4
Accrued interest receivable	5	99	6	12	-	9
Deferred financing costs - net of amortization	317	115	42	18	126	-
Other assets	-	12	-	-	-	-
	$24,443	$7,742	$ 847	$3,364	$ 126	$2,264
LIABILITIES AND FUND BALANCES (DEFICITS)						
Accrued interest payable	$ 925	$ 60	$ 7	$ 3	$ -	$ -
Bonds payable - net	25,810	7,536	745	195	3,147	-
Total liabilities	26,735	7,596	752	198	3,147	-
Fund balances (deficits)	(2,292)	146	95	3,166	(3,021)	2,264
	$24,443	$7,742	$ 847	$3,364	$ 126	$2,264

See notes to individual fund financial statements.

MONROE-WEST MONROE (OUACHITA PARISH) PUBLIC TRUST FINANCING AUTHORITY

INDIVIDUAL FUND STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (DEFICITS) YEAR ENDED JULY 31, 1997 (IN THOUSANDS)

	1979 Program	1988 Program	1990A Program	1990B Program	1990C Program	Unrestricted Fund
REVENUES						
Interest on mortgage loans/mortgage-backed securities	$ -	$ 1,134	$ 82	$ 55	$ -	$ -
Interest on investments	2,077	14	-	234	-	225
	2,077	1,148	82	289	-	225
EXPENSES						
Interest	1,850	984	74	41	237	-
Amortization of deferred financing costs	11	26	17	13	3	-
Servicing fees	-	40	-	2	-	-
Mortgage loan insurance costs	-	13	-	1	-	-
Operating expense	7	7	2	-	-	11
Distributions to government	-	-	-	-	-	3,425
	1,868	1,070	93	57	240	3,436
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	209	78	(11)	232	(240)	(3,211)
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	(2,501)	68	106	2,934	(2,781)	5,475
FUND BALANCES (DEFICITS), END OF YEAR	$ (2,292)	$ 146	$ 95	$ 3,166	$ (3,021)	$ 2,264

See notes to individual fund financial statements.

MONROE-WEST MONROE (OUACHITA PARISH) PUBLIC TRUST FINANCING AUTHORITY

INDIVIDUAL FUND STATEMENTS OF CASH FLOWS
YEAR ENDED JULY 31, 1997 (IN THOUSANDS)

	1979 Program	1988 Program	1990A Program	1990B Program	1990C Program	Unrestricted Fund
OPERATING ACTIVITIES						
Excess (deficiency) of revenues over expenses	$ 209	$ 78	$ (11)	$ 232	$ (240)	$ (3,211)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by (used in) operating activities:						
Discount accretion on mortgage loans	-	(309)	-	-	-	-
Amortization of deferred financing costs	11	26	17	13	3	-
Interest on investments	(2,077)	(14)	(1)	(234)	-	(225)
Interest on bonds payable	1,850	984	74	41	237	-
Decrease in mortgage interest receivable	-	(1)	2	-	-	-
Decrease in other assets	-	(1)	-	-	-	-
Principal collected on mortgage loans/mortgage-backed securities	-	1,391	297	181	-	-
Net cash provided by (used in) operating activities	(7)	2,154	378	233	-	(3,436)
INVESTING ACTIVITIES						
Purchases of investments	-	-	-	-	-	(249)
Proceeds from maturity of investments	1,902	-	-	-	-	-
Interest received on investments	810	14	1	4	-	86
Net cash provided by investing activities	2,712	14	1	4	-	(163)
NON-CAPITAL FINANCING ACTIVITIES						
Bond redemptions	(790)	(1,400)	(305)	(204)	-	-
Interest paid on bonds payable	(1,877)	(770)	(77)	(32)	-	-
Net cash used in financing activities	(2,667)	(2,170)	(382)	(236)	-	-

(Continued)

MONROE-WEST MONROE (OUACHITA PARISH) PUBLIC TRUST FINANCING AUTHORITY

INDIVIDUAL FUND STATEMENTS OF CASH FLOWS YEAR ENDED JULY 31, 1997 (IN THOUSANDS)

	1979 Program	1988 Program	1990A Program	1990B Program	1990C Program	Unrestricted Fund
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	38	(2)	(3)	1	-	(3,599)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,755	223	12	80	-	3,768
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,793	$ 221	$ 9	$ 81	$ -	$ 169

See notes to individual fund financial statements.

(Concluded)

MONROE-WEST MONROE (OUACHITA PARISH) PUBLIC TRUST FINANCING AUTHORITY

INDIVIDUAL FUND BALANCE SHEETS
JULY 31, 1996 (IN THOUSANDS)

ASSETS	1979 Program	1988 Program	1990A Program	1990B Program	1990C Program	Unrestricted Fund
Cash and cash equivalents	$ 1,755	$ 223	$ 12	$ 80	$ -	$3,768
U.S. Government securities - at amortized cost	22,963	-	6	2,541	-	1,700
Mortgage-backed securities	-	-	1,081	-	-	-
Mortgage loans receivable - net	-	8,376	-	663	-	4
Accrued interest receivable	4	99	8	12	-	3
Deferred financing costs - net of amortization	328	141	59	30	129	-
Other assets	-	11	-	-	-	-
	$25,050	$ 8,850	$1,166	$3,326	$ 129	$5,475
LIABILITIES AND FUND BALANCES (DEFICITS)						
Accrued interest payable	$ 951	$ 68	$ 10	$ 4	$ -	$ -
Bonds payable - net	26,600	8,714	1,050	388	2,910	-
Total liabilities	27,551	8,782	1,060	392	2,910	-
Fund balances (deficits)	(2,501)	68	106	2,934	(2,781)	5,475
	$25,050	$ 8,850	$1,166	$3,326	$ 129	$5,475

See notes to individual fund financial statements.

MONROE-WEST MONROE (OUACHITA PARISH)
PUBLIC TRUST FINANCING AUTHORITY

INDIVIDUAL FUND STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (DEFICITS)
YEAR ENDED JULY 31, 1996 (IN THOUSANDS)

	1979 Program	1988 Program	1990A Program	1990B Program	1990C Program	Unrestricted Fund
REVENUES						
Interest on mortgage loans/mortgage-backed securities	$ -	$1,267	$109	$ 74	$ -	$ -
Interest on investments	2,127	13	1	215	-	373
Gain on sale of investments	-	-	-	-	-	474
	2,127	1,280	110	289	-	847
EXPENSES						
Interest	1,903	1,098	101	46	219	-
Amortization of deferred financing costs	10	33	21	9	3	-
Servicing fees	-	46	-	2	-	-
Mortgage loan insurance costs	-	18	-	1	-	-
Operating expense	-	27	2	3	-	19
	1,913	1,222	124	61	222	19
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	214	58	(14)	228	(222)	828
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	(2,715)	10	120	2,706	(2,559)	4,647
FUND BALANCES (DEFICITS), END OF YEAR	$(2,501)	$ 68	$106	$2,934	$(2,781)	$5,475

MONROE-WEST MONROE (OUACHITA PARISH) PUBLIC TRUST FINANCING AUTHORITY

INDIVIDUAL FUND STATEMENTS OF CASH FLOWS
YEAR ENDED JULY 31, 1996 (IN THOUSANDS)

	1979 Program	1988 Program	1990A Program	1990B Program	1990C Program	Unrestricted Fund
OPERATING ACTIVITIES						
Excess (deficiency) of revenues over expenses	$ 214	$ 58	$ (14)	$ 228	$ (222)	$ 828
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by (used in) operating activities:						
Discount accretion on mortgage loans	-	(315)	-	-	-	-
Amortization of deferred financing costs	10	33	21	9	3	-
Interest on investments	(2,127)	(13)	(1)	(215)	-	(373)
Interest on bonds payable	1,903	1,098	101	46	219	-
Decrease (increase) in mortgage interest receivable	-	(4)	3	(6)	-	-
Decrease in other assets	-	2	-	-	-	-
Principal collected on mortgage loans/mortgage-backed securities	-	1,796	373	115	-	-
Gain on sale of investments	-	-	-	-	-	(474)
Net cash provided by (used in) operating activities	-	2,655	483	177	-	(19)
INVESTING ACTIVITIES						
Proceeds from maturity of investments	2,196	-	-	-	-	-
Interest received on investments	501	13	1	5	-	22
Proceeds from sale of investments	-	-	-	-	-	3,605
Net cash provided by investing activities	2,697	13	1	5	-	3,627
NON-CAPITAL FINANCING ACTIVITIES						
Bond redemptions	-	(1,792)	(378)	(144)	-	-
Interest paid on bonds payable	(951)	(866)	(105)	(50)	-	-
Net cash used in financing activities	(951)	(2,658)	(483)	(194)	-	-

(Continued)

MONROE-WEST MONROE (OUACHITA PARISH) PUBLIC TRUST FINANCING AUTHORITY

INDIVIDUAL FUND STATEMENTS OF CASH FLOWS YEAR ENDED JULY 31, 1996 (IN THOUSANDS)

	1979 Program	1988 Program	1990A Program	1990B Program	1990C Program	Unrestricted Fund
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,746	10	1	(12)	-	3,608
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9	213	11	92	-	160
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,755	$ 223	$ 12	$ 80	$ -	$ 3,768

See notes to individual fund financial statements.

(Concluded)

1. ORGANIZATION

The Monroe-West Monroe (Ouachita Parish) Public Trust Financing Authority (the Authority) was created through a Trust Indenture dated February 28, 1979 pursuant to provisions of Chapter 2-A of Title 9 of the Louisiana Revised Statutes of 1950, as amended. The initial legislation and subsequent amendments grant the Authority the power to obtain funds and to use them to promote the financing and development of any essential program conducted in the public interest within the boundaries of Ouachita Parish, Louisiana.

The Authority's operations were originated through two single family mortgage revenue bond programs issued in 1979 and 1980 under which the Authority promoted residential home ownership through the acquisition of mortgage loans secured by first mortgage liens on single family residential housing.

On July 27, 1988, the Authority issued $26,756,893 in Taxable Collateralized Mortgage Refunding Bonds dated July 1, 1988 (the 1988 Program), for the purpose of providing for the satisfaction of all future debt service obligations of the outstanding bonds of the Authority's 1979 Program. The Authority entered into an Escrow Deposit Agreement with a local bank pursuant to which there have been deposited sufficient funds and U. S. Government Obligations (as defined in the 1979 Indenture) to provide for repayment of the 1979 bonds pursuant to the 1979 Indenture. Simultaneously, the mortgage loans receivable and certain funds of the 1979 Program were transferred to the 1988 Program and to the Authority's Unrestricted Fund. The Authority provided additional security for the repayment of the Bonds Payable in the amount of $110,000 on the date of refinancing. This amount is included in U. S. Government Securities and will revert to the Unrestricted Fund when the Bonds are paid.

On November 30, 1990, the authority issued $3,360,000 in Revenue Refunding Bonds (the 1990A Program) and $1,560,000 in Taxable Refunding Bonds (the 1990B Program). On December 31, 1990, the Authority issued $12,000,000 par value in Tax-Exempt Capital Appreciation Refunding Bonds (1990C Program). The proceeds from these bonds along with the proceeds from the sale of the 1980 Program investments were used to redeem the outstanding 1980 Program bonds payable. Simultaneously, the 1980 Program mortgage loans receivable were transferred to the 1990A and 1990B Programs. Upon redemption of all 1990B Program bonds payable, the remaining assets in the 1990B Program will revert to the 1990C Program as security for its bonds payable.

The bonds issued by the Authority are general obligations of the Authority and are not obligations of the State of Louisiana or any other political subdivision thereof.

The Authority's Board of Trustees is empowered under the bond trust indentures and the bond program agreements to contract with outside parties to conduct the day-to-day operations of the programs. The Authority utilizes area financial institutions to service the mortgage loans acquired. In addition, two financial institutions have been designated as trustees of the separate bond programs and have the fiduciary responsibility for the custody and investment of funds. The Board of Trustees may, in their discretion, transfer any or all of the assets of the Authority which are not pledged to the payment of any bonds or other evidences of indebtedness of the Authority to the City of Monroe and the City of West Monroe in the ratio of 57.2% and 42.8%, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Basis of Accounting and Reporting - The Authority follows the accrual basis of accounting and operates certain funds established by the Bond Trust Indentures. The funds, which are maintained by the Trustees, provide for the accounting for bonds issued, debt service and bond redemption requirements, investments, and related revenues and expenses. The individual funds for each bond program are aggregated in the accompanying individual fund financial statements.

Amortization - Bond issuance costs, including underwriters' discount on bonds sold, are being amortized over the lives of the bonds, using the effective interest method.

Deferred financing costs related to bonds called in accordance with the early redemption provisions as described in the Bond Trust Indentures are charged to expense in the year that such bonds are called.

Discounts are amortized over the lives of the related assets or liabilities as yield adjustments based upon the principal amounts outstanding.

Statement of Cash Flows - For purposes of the statement of cash flows, the Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Reclassifications - Certain 1996 amounts have been reclassified to conform with the 1997 presentation.

Use 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.

3. CASH AND INVESTMENTS

The Authority's programs and Unrestricted Fund maintain deposits at the trustee banks. The balances of these deposits at July 31, 1996 were entirely insured. The balances of these deposit at July 31,1997 were not entirely insured due to a bank merger. The Authority also has funds, classified as "Cash and Cash Equivalents" on the balance sheet, which represent interests in uninsured money market mutual funds.

The approximate market values of the U. S. Government securities held by the Authority are as follows at July 31, 1997 and 1996:

	1997	1996
	(in thousands)	
1979 Program	$26,595	$26,266
1990 A Program	7	6
1990 B Program	3,964	3,225
Unrestricted Fund	2,606	2,034

The U.S. Government securities of the 1979 Program, the 1990A Program and the 1990B Program are restricted for debt service on the respective Program's bonds and payment of various program expenses. All securities are held by the trustee banks in the Authority's name.

4. **MORTGAGE LOANS RECEIVABLE**

The 1988 Program's mortgage loans receivable were originally acquired under the 1979 Program and were transferred to the 1988 Program at a discount upon the 1979 Program's defeasement. These notes have stated interest rates of 7.875% yielding approximately 11.3%, have scheduled maturities in 2009, and are secured by first mortgages on the related real property. The remaining unamortized discount on mortgage loans was approximately $2,566,000 and $2,875,000 at July 31, 1997 and 1996, respectively.

The 1990A Program's mortgage-backed securities represent Federal Home Loan Mortgage Corporation securities collateralized by mortgage loans receivable originally acquired under the 1980 Program. These loans bear interest rates of 9.625%, have scheduled maturities in 2000, and are secured by first mortgages on the related real property.

The 1990B Program's mortgage loans receivable were originally acquired under the 1980 Program and were transferred to the 1990B Program upon the 1980 Program's redemption. These notes have stated interest rates of 9.625%, have scheduled maturities in 2000, and are secured by first mortgages on the related real property.

The mortgage loans receivable are serviced by the participating mortgage lenders who receive monthly compensation based upon the unpaid principal balances of the mortgage loans. The mortgage loans were made through conventional, FHA, and VA programs sponsored by the various participating mortgage lenders. In addition to the customary insurance required of the mortgagors, the Authority has obtained insurance on the mortgage loans under a supplemental hazard policy, service performance bonds, and a master trust policy for mortgagor defaults.

5. **BONDS PAYABLE**

Each program's bond debt service requirements are secured by the assets and revenues of the respective program in accordance with the respective bond trust indenture. Outstanding bonds payable are due on a term and serial basis and bear interest at rates as follows at July 31, 1997 and 1996:

	1997	1996
	(in thousands)	
1979 Program:		
Single Family Mortgage Revenue Bonds, due serially and term through 2011, 6.5% to 7.2% stated rate	$25,810	$26,600
1988 Program:		
Single Family Mortgage Revenue Bonds, due June 30, 2011, 7.30% stated rate, 9.51% effective yield	$ 9,790	$11,190
Less related discount	(2,254)	(2,476)
	$ 7,536	$ 8,714
1990A Program:		
Refunding Bonds, due May 20, 2002, 8.5% stated rate	$ 745	$ 1,050
1990B Program:		
Taxable Refunding Bonds, due August 15, 2014, 8.125% stated rate, 9.20% effective yield	$ 269	$ 473
Less related discount	(74)	(85)
	$ 195	$ 388
1990C Program:		
Tax-Exempt Capital Appreciation Refunding Bonds, due August 20, 2014, 7.86% effective yield	12,000	12,000
Less related discount	(8,853)	(9,090)
	$ 3,147	$ 2,910

The 1988 Program, 1990A Program, and 1990B Program bonds are structured such that the monthly principal remittances received from mortgage loans are passed through to bondholders as monthly principal redemptions of bonds payable. The 1990C Program bonds are compound interest bonds; interest is paid to bondholders at maturity. The bonds are subject to early redemption provisions as described in the respective Bond Trust Indentures at redemption prices equal to the principal amounts of the bonds redeemed plus accrued interest to the applicable call dates. In connection with early bond redemptions, deferred financing costs related to the bonds called are charged to expense. Scheduled 1979 Program bond principal maturities for each of the next five fiscal years are as follows (in thousands):

1998	$ 860
1999	930
2000	1,020
2001	1,185
2002	1,285

6. BOARD OF TRUSTEES EXPENSES

The members of the Authority's Board of Trustees receive no fees for their services but are reimbursed for their actual travel expenses incurred in the performance of their duties as Trustees of the Authority.

7. DISTRIBUTION TO CITIES

During fiscal 1996, the Authority made no distributions from the Unrestricted Fund to the cities of Monroe and West Monroe, Louisiana.

During fiscal 1997, the Authority made distributions from the Unrestricted Fund to the cities of Monroe and West Monroe, Louisiana, of $1,725,000 and $1,700,000, respectively.

* * * * * *

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INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE BASED ON THE AUDIT OF THE FINANCIAL STATEMENTS

To the Board of Trustees of the
Monroe-West Monroe(Ouachita Parish)
Public Trust Financing Authority

We have audited the financial statements of the Monroe-West Monroe (Ouachita Parish) Public Trust Financing Authority (the Authority) as of and for the year ended July 31, 1997, and have issued our report thereon dated January 14, 1998.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to provide reasonable assurance about whether the financial statements are free of material misstatement.

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

In planning and performing our audit of the financial statements of the authority for the year ended July 31, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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 solely for the information of management and the Board of Trustees of the Authority and the State of Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Deloitte & Touche LLP

January 14, 1998

Deloitte & Touche LLP

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS

To the Board of Trustees of the
Monroe-West Monroe (Ouachita Parish)
Public Trust Financing Authority

We have audited the financial statements of the Monroe-West Monroe (Ouachita Parish) Public Trust Financing Authority (the Authority) as of July 31, 1997 and for the year then ended, and have issued our report thereon dated January 14, 1998.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

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

Deloitte & Touche LLP

January 14, 1998