

4160

RECEIVED
OFFICIAL
FILE COPY
DO NOT REMOVE
Date necessary
taken from this
copy and PLACE
DATE IN FILE

RECEIVED

NOV 10 1993

LEGISLATIVE INFORMATION

LOUISIANA PUBLIC FACTS AND AUTHORITY

DECEMBER 23 1993

BATON ROUGE, LOUISIANA

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

Release Date: 12/23/93

CONTENTS

	<u>EXHIBIT</u>	<u>SCHEDULE</u>	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	-	-	1 - 2
FINANCIAL STATEMENTS			
Balance Sheet	A	-	3
Statement of Revenues and Expenses and Changes in Retained Earnings	B	-	4
Statement of Cash Flows	C	-	5
Notes to Financial Statements	-	-	6 - 15
SUPPLEMENTARY INFORMATION			
Schedule of Per Diem Paid Trustees	-	2	16
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	-	-	17 - 18



Hannis T. Bourgeois, L.L.P.

Certified Public Accountants

Keith H. Rousseau, CPA
Joseph B. Richard, Sr., CPA
Kenna S. Shugart, CPA
Beverly B. Jones, CPA
Stephen M. Higgins, CPA
Mark A. Jones, CPA
Lee M. F. Arnold, CPA
Kurt L. Johnson, CPA

1012 Thomas Drive, Suite 200
Baton Rouge, LA 70800
Phone: (504) 938-4770
Fax: (504) 938-8943

Member American Institute of
Certified Public Accountants

1111 S. Range Avenue, Suite 100
Greensboro Springs, LA 70736

1111 S. Range Avenue, Suite 100
Greensboro Springs, LA 70736

MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

March 13, 1998

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 December 31, 1997, 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 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, 1997, and the results of its operations and cash flows for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated March 13, 1998 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.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of per diems paid trustees for the year ended December 31, 1997 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.

Respectfully submitted,

Thomas J. Lauritzen, C.P.A.

FINANCIAL STATEMENTS

Louisiana Public Facilities Authority

BALANCE SHEET

as of December 31, 1997

ASSETS

Current Assets:	
Cash and Cash Equivalents	428,891,095
Interest Bearing Deposits	2,376,000
Investment Securities Held to Maturity	500,348
Receivables:	
Advance Costs - Projects	11,704
Program Administrative Fees	118,795
Financing Application Fees	7,888
Project Financing Fees	159,048
Annual Taster Fees	7,065
Accrued Interest and Dividend Receivable	91,419
Other	<u>3,828</u>
Prepaid Expenses	379,388
Total Current Assets	<u>14,132,819</u>
Property and Equipment:	
Office Furniture and Equipment	608,197
Leasehold Improvements	<u>3,828</u>
	612,025
Less: Accumulated Depreciation and Amortization	<u>(109,428)</u>
	502,597
Interest Bearing Deposits - Long-Term	1,868,317
Investment Securities Held to Maturity - Long-Term	2,950,333
Receivables - Long-Term:	
Reimbursable Bond Insurance Costs, Less	
Allowance for Doubtful Accounts of \$88,000	820,473
Other Assets:	
Reserve Deposits for 1994 Student Loan Program	<u>516</u>
Total Assets	<u>\$18,919,742</u>

LIABILITIES AND FUND EQUITY

Current Liabilities:	
Accounts Payable:	
State of Louisiana	\$ 4,339,170
Other	<u>63,132</u>
	4,402,302
Accrued Expenses:	
FURNON Contribution	40,892
Payroll Taxes	<u>468</u>
	41,360
Total Current Liabilities	<u>4,443,662</u>
Fund Equity:	
Retained Earnings Unreserved - Undesignated	<u>14,476,352</u>
Total Fund Equity	<u>14,476,352</u>
Total Liabilities and Fund Equity	<u>\$18,919,742</u>

The accompanying notes are an integral part of this statement.

Louisiana Public Facilities Authority

STATEMENT OF REVENUES AND EXPENSES AND
CHANGES IN RETAINED EARNINGS

for the year ended December 31, 1997

Operating Revenues:	
Program Investment Earnings	\$ 134,994
Project and Program Administrative Fees:	
Finance Acceptance Fees	638,495
Multi-Family Annual Issuer Fees	148,227
Program Administrative Fees	768,718
Financing Application Fees	35,088
Other Income	<u>13,298</u>
Total Operating Revenues	1,753,625
Operating Expenses:	
Legal and Accounting Services	218,243
Administrative Services	15,834
Employees' Salaries and Benefits	683,131
Trustee Per Diem	61,838
Provision for Uncollectible Receivables	8,224
Depreciation and Amortization	38,448
Rent	97,893
Insurance	19,094
Office Expense	78,703
Books and Subscriptions	68,048
Travel	69,186
Business Promotion and Economic	
Development	48,401
Bond Insurance Costs	18,008
Other	<u>58,272</u>
Total Operating Expenses	<u>1,449,374</u>
Income from Operations	304,251
Non-Operating Revenues (Expenses):	
Interest Income	<u>132,015</u>
Total Non-Operating Revenues (Expenses)	<u>132,015</u>
Net Income	1,641,376
Retained Earnings - Beginning of Year	13,435,876
Retained Earnings - End of Year	<u>\$14,476,152</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, 1997

Cash Flows From Operating Activities:	
Income from operations	\$ 304,261
Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	38,444
Provision for Uncollectible Receivables	9,234
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(150,129)
(Increase) Decrease in Prepaid Expenses	(5,134)
(Increase) Decrease in Other Asset	1,488
Increase (Decrease) in Accounts Payable - State of Louisiana	4,339,170
Increase (Decrease) in Accounts Payable - Other	47,230
Increase (Decrease) in Accrued Expenses	<u>742</u>
Net Cash Provided by Operating Activities	4,547,486
Cash Flows From Capital and Related Financing Activities:	
Purchase of Property and Equipment	<u>(1,182)</u>
Net Cash Used in Capital and Related Financing Activities	(1,182)
Cash Flows From Investing Activities:	
Purchase of Interest Bearing Deposits and Investment Securities	(8,151,828)
Proceeds from Sale and Maturities of Interest Bearing Deposits and Investment Securities	5,828,921
Interest on Investments and Cash Equivalents	<u>731,015</u>
Net Cash Provided by Investing Activities	<u>378,108</u>
Net Increase in Cash and Cash Equivalents	4,914,401
Cash and Cash Equivalents - Beginning of Year	<u>1,932,622</u>
Cash and Cash Equivalents - End of Year	<u>\$11,851,095</u>

The accompanying notes are an integral part of this statement.

Louisiana Public Facilities Authority

NOTES TO FINANCIAL STATEMENTS

December 31, 1997

Note 1 - General Information and Summary of Significant Accounting Policies

The Louisiana Public Facilities Authority (the Authority), a public trust, was organized on August 31, 1974, under 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 which provide the proceeds for the furtherance 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 accounts. Total bond principal outstanding at December 31, 1997, for Programs and Projects was approximately \$919,000,000 and \$1,991,000,000, 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 24:517 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, 1997

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. Fixed Assets and Long-Term Liabilities

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 estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Office Furniture and Equipment	5 - 7 Years
Leasehold Improvements	10 Years

All fixed assets are stated at historical costs.

D. Investments in Debt and Marketable Equity Securities

The Authority invests in debt and marketable equity securities. Debt securities consist primarily of obligations of the U.S. government. Marketable equity securities consist primarily of mutual funds with investments in U.S. government obligations.

In accordance with the provisions of FASB Statement 115, securities are divided into two separate classifications - held to maturity and available for sale. The Authority does not engage in trading activities.

Management determines the appropriate classification of securities at the date individual investment securities are acquired, and that the appropriateness of such classification be reassessed at each balance sheet date. Classification of investment securities and the related accounting policies are as follows:

Louisiana Public Facilities Authority

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1997

- Held-to-maturity securities consist solely of debt securities which the Authority has the positive intent and ability to hold to maturity and are stated at amortized cost.
- Available-for-sale securities consist of debt securities and marketable equity securities not classified as trading or held-to-maturity. Available-for-sale securities are stated at fair value, and unrealized holding gains and losses, are reported as a separate component of fund equity.
- Premiums and discounts on investments in debt securities are amortized utilizing the straight-line method over their contractual lives. Use of this method does not result in a material difference from the interest method required by generally accepted accounting principles. Interest on debt securities is recognized in income as earned, and dividends on marketable equity securities are recognized in income when declared. Realized gains and losses, including losses from declines in value of specific securities determined by management to be other-than-temporary, are included in income. Realized gains and losses are determined on the basis of the specific securities sold.
- Transfers of debt securities into the held-to-maturity classification from the available-for-sale classification are made at fair value on the date of transfer. The unrealized holding gain or loss on the date of transfer is retained in the separate component of fund equity and in the carrying value of the held-to-maturity securities. Such amounts are amortized over the remaining contractual lives of the securities utilizing the straight-line method.
- The fair value for cash and cash equivalents is based on a reasonable estimate of fair value. The fair value of investments is based on quoted market prices or dealer quotes, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar investments.

3. Basis of Accounting

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

Louisiana Public Facilities Authority
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1997

F. Operating Revenues

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 rebates 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

Financing Acceptance Fee

The Authority requires a financing acceptance fee usually equal to one-tenth of one percent of the face amount of issued bonds. 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 Issuer Fees

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 one percent for pre 1985 issues or one-tenth of one percent for issues thereafter. The fee covers general administration expenses incurred by the Authority.

Program Administrative Fees

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

Louisiana Public Facilities Authority
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1993

Financing Application Fee

The Authority assesses a \$3,500 non-refundable finance application fee on all project financing applications formally submitted for consideration by the Authority's Board of Trustees.

G. Income Taxes

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

H. 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.

I. 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported period. Actual results could differ from those estimates.

Note 3 - 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 \$15,095,362 and the bank balance was \$15,137,668.

Cash Equivalents and Investments - The Authority's investments are categorized below to give an indication of the level of risk assessed 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.

Louisiana Public Facilities Authority
NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1997

	<u>CATEGORY</u>			<u>CARRIED FORWARD</u>	<u>FAIN VALUE</u>	<u>UNREALIZED (GAIN) LOSS</u>
	<u>1</u>	<u>2</u>	<u>3</u>			
Operating Bank Accounts:	\$ 100,000	\$100,000	\$ -	\$ 100,000	\$ 100,000	\$ -
Investment Management Accounts:						
Money Market Accounts:						
Time Certi- ficates of Deposit with Various Banks	4,628,317	-	4,883,484	4,883,484	4,883,484	-
Other Accounts:						
Money Market Accounts	-	-	5,381,375	5,381,375	5,381,375	-
Cash on Hand	-	-	150	150	150	-
	<u>\$4,728,317</u>	<u>\$100,000</u>	<u>\$18,265,009</u>	<u>15,085,413</u>	<u>15,085,413</u>	<u>-</u>
Held to Maturity Investments:						
U.S. Treasury Notes				2,498,934	2,507,557	(7,223)
Other				<u>38,848</u>	<u>38,848</u>	<u>-</u>
Total Held to Maturity In- vestments				<u>2,538,580</u>	<u>2,537,803</u>	<u>(7,223)</u>
				<u>\$17,625,892</u>	<u>\$17,623,216</u>	<u>\$ (7,223)</u>

Louisiana Public Facilities Authority
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1997

The amortized cost and fair value of debt securities classified as held to maturity investments, by contractual maturity, as of December 31, 1997 are as follows:

	AMORTIZED COST	FAIR VALUE
1998	\$ 500,349	\$ 501,350
1999	509,379	503,595
2000	1,189,906	1,209,812
2001	-	-
2002	<u>338,061</u>	<u>332,146</u>
	<u>\$2,537,695</u>	<u>\$2,547,903</u>

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

Cash and Cash Equivalents	\$10,851,955
Interest Bearing Deposits - Current	2,376,680
Investment Securities Held to Maturity - Current	560,949
Interest Bearing Deposits - Long-Term	1,860,317
Investment Securities Held to Maturity - Long-Term	<u>2,630,331</u>
	<u>\$17,630,892</u>

Note 3 - Leases -

In January 1996, the Authority moved to a new office and entered into a three year operating lease. Rental expense applicable to the Authority's offices included in rent expense for 1997 was \$97,892.

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

1998	\$ 97,892
1999	<u>17,832</u>
	<u>\$ 115,724</u>

Louisiana Public Facilities Authority

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1997

Note 4 - Employee Retirement Plan -

The Authority sponsors a defined contribution employee retirement plan which covers all employees who have over 500 hours of service with the Authority. Contributions to the plan are subject to a minimum funding requirement of 70% 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 approved during the year ended December 31, 1997 was \$10,682.

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.

In 1997, the Authority entered into an agreement to settle a 12-year lawsuit that alleged various violations of Federal and State anti-trust laws and unfair trade practices by the Authority in the conduct of its business. The Authority responded to this suit by denying any liability and has vigorously defended itself during the 12 year history of this litigation. As a means of avoiding the expense and uncertainty of this continued litigation, the Authority entered into a settlement agreement in which the Authority once again denied any wrong doing but which required, among other things, a settlement payment of \$86,426 to the plaintiffs in exchange for dismissal of the lawsuit. This settlement payment is included in Legal and Accounting Services expense.

Note 6 - Commitments and Contingencies -

Gain Contingency

Beneficial Interest in Special Purpose, Non-Profit Corporations:

The Authority is a sole member in two 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 banks associated with specific bond issues. The Authority, as sole

Louisiana Public Facilities Authority
NOTES TO FINANCIAL STATEMENTS CONTINUED

December 31, 1997

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, 1997 are as follows:

DESCRIPTION	CASH BALANCE AS OF DECEMBER 31, 1997
Louisiana Capital Funding Corporation	\$ 14,904
Louisiana Equipment Finance Corporation	<u>19,195</u>
Total funds in which the Authority has a Beneficial Interest	<u>\$ 34,099</u>

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

Note 7 - Escrow Deposits -

An escrow deposit was established in the amount of \$188,088 and was deposited with American Bank and Trust Company (predecessor to Hancock Bank) as escrow agent for the 1984 Supplemental Student Loan Revenue Bonds, Series B and C. At the end of each calendar year, the Escrow Agent is to disburse to the Authority the excess of the balance of the Escrow Deposit over the aggregate amount of principal outstanding on the "Selected Loans" of this program plus 120 days interest thereon computed at 10% per annum. As December 31, 1997, \$1,520 was due from the Escrow Agent and is included as an Other Receivable. The balance remaining with the Escrow Agent at December 31, 1997 is \$584. This amount is included in the financial statements as an Other Asset.

Note 8 - Fair Value of Reimbursable Bond Issuance Costs -

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.

Louisiana Public Facilities Authority
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1997

The fair value for these Reimbursable Bond Issuance Costs are estimated using discounted cash flow analyses, with interest rates similar to the rate of return that the Authority receives on its investments. The terms used in calculating discounted cash flows are estimated based upon the maturity dates of the bond issues in which monies were advanced. The carrying value and fair value of Reimbursable Bond Issuance Costs are as follows:

	<u>CARRYING VALUE</u>	<u>FAIR VALUE</u>
Reimbursable Bond Issuance Costs	\$ 820,471	\$527,655

Note 9 - Accounts Payable -

In December 1997, the Authority received a refund of \$4,339,179 representing the arbitrage rebate liability previously paid in connection with the Louisiana Public Facilities Authority Special Assessment Revenue Bonds (Unemployment Compensation Funding Program) Series 1987. These Bonds were defeased in 1993 and subsequently redeemed, paid in full, and canceled in 1994. Management is uncertain as to the proper disposition or use of these funds since all of the contracts and agreements with respect to these Bonds were canceled and discharged in connection with the defeasance and payment in full of the Bonds and are therefore no longer in force or effect. The Authority is presently seeking direction from the State of Louisiana regarding this matter. Since the Unemployment Compensation Funding Program was developed for the benefit of the State of Louisiana and until such time that the uncertainty regarding the proper disposition or use of these funds is resolved, at December 31, 1997, the amount is included in Cash and Cash Equivalents and is classified as an Accounts Payable to the State of Louisiana.

SUPPLEMENTARY INFORMATION

Louisiana Public Facilities Authority
SCHEDULE OF FEE DUES PAID TRUSTEES
 for the year ended December 31, 1997

Victor Bossie - Chairman	\$ -
Thomas A. Astoon - Vice Chairman	31,300
Wesley Brennan, Jr. - Secretary/Treasurer	12,300
Leon Coleman, Jr. - Assistant/Treasurer	11,400
Florice D. Barros - Assistant Secretary	<u>5,000</u>
	\$ 61,000

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



Mannis T. Bourgeois, L.L.P.

Certified Public Accountants

Randy L. Brummett, CPA
Joseph D. Eckhardt, Jr., CPA
James L. Ingram, CPA
Thomas P. O'Connell, CPA
Stephen M. Higgins, CPA
William L. Jones, CPA
P.O. Box 140, Bogalusa, LA 70307
(504) 333-2100
(504) 333-2101

2425 Highway 100, Suite 200
Baton Rouge, LA 70809
Phone: (504) 438-4770
Fax: (504) 425-0845

Members American Institute of
Certified Public Accountants

1111 S. Range Avenue, Suite 101
Denham Springs, LA 70828

L. L. C. Jones, CPA
L. L. C. Ingram, CPA

CPA Firms of Louisiana, Inc.

March 13, 1998

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, 1997, and have issued our report thereon dated March 13, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the 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 for the information of the Board of Trustees, management and the Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

Respectfully submitted,

Marvin C. Bourgeois, L.L.P.