

HOUMA-TERREBONNE PUBLIC TRUST
FINANCING AUTHORITY

HOUMA, LOUISIANA

Comprehensive Annual Financial Report

Year Ended March 31, 1999

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 10-13-99

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
HOUMA, LOUISIANA

Comprehensive Annual Financial Report

Year Ended March 31, 1999

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
Houma, Louisiana

Comprehensive Annual Financial Report

March 31, 1999

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Bergeron & Lanaux

— CERTIFIED PUBLIC ACCOUNTANTS —
A PROFESSIONAL CORPORATION

CLAUDE E. BERGERON, CPA
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MICHAEL D. BERGERON, CPA

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Houma-Terrebonne Public Trust Financing Authority
Houma, Louisiana

We have audited the accompanying general purpose financial statements of the Houma-Terrebonne Public Trust Financing Authority, a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended March 31, 1999, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these general purpose 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. Those standards require that we plan and perform the audit 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 general purpose financial statement presentation. We believe that our audit provides 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 Houma-Terrebonne Public Trust Financing Authority as of March 31, 1999 and the results of its operations and cash flows for the year then ended, in conformity with generally accepted accounting principles.

The Houma-Terrebonne Public Trust Financing Authority changed its method of accounting for investments as disclosed in note 14 to the general purpose financial statements.

The Houma-Terrebonne Public Trust Financing Authority has not presented disclosures required by Governmental Accounting Standards Board (GASB) Technical Bulletin 98-1, "Disclosures about Year 2000 Issues", as amended by GASB Technical Bulletin 99-1 that the GASB has determined are necessary to supplement, although not to be a part of, the basic financial statements. In addition, we do not provide assurance that the Authority is or will become year 2000 compliant, that the Authority's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Authority does business are or will become year 2000 compliant.

In accordance with Government Auditing Standards, we have also issued a report dated September 14, 1999 on our consideration of the Houma-Terrebonne Public Trust Financing Authority's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

September 14, 1999

Bergeron & Lanoux

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
HOUMA, LOUISIANA

Balance Sheet - Fiduciary Fund Type
Nonexpendable Trust Fund

March 31, 1999

ASSETS

Cash and cash equivalents	\$	248,312	
Investment securities		1,651,776	
Accrued interest receivable		6,025	
Real estate mortgage loans receivable		1,117,430	
Deferred charge - bond issuance costs net of accumulated amortization		52,246	
Total assets			\$ 3,075,789

LIABILITIES AND FUND BALANCE

Accounts payable	\$	12,328	
Accrued interest payable		11,912	
Bonds payable, net of unamortized bond discounts		2,267,637	
Total liabilities			\$ 2,291,877
Fund balance:			
Reserved - bond trust indentures		716,215	
Unreserved fund balance:			
Undesignated		67,697	
Total fund balance			783,912
Total liabilities and fund balance			\$ 3,075,789

See notes to financial statements.

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
HOUMA, LOUISIANA

Statement of Revenues, Expenses, and
Changes in Fund Balance - Fiduciary Fund Type
Nonexpendable Trust Funds

Year Ended March 31, 1999

Operating revenues:		
Interest on real estate mortgage loans	\$ 105,522	
Income on investments	<u>117,448</u>	
Total operating revenues		\$ 222,970
Operating expenses:		
Current operating:		
Interest expense on bonds	193,179	
Amortization of deferred bond issuance costs	6,531	
Other expenses:		
Insurance	2,095	
Loan servicer fees	6,362	
Professional services	10,153	
Trust, servicer and agent fees	<u>4,973</u>	
Total operating expenses		<u>223,293</u>
Excess revenues/(expenses)		(323)
Fund balance at beginning of year, as previously reported	309,875	
Cumulative effect of change in accounting for investments	<u>474,360</u>	
Fund balance at beginning of year, as restated		<u>784,235</u>
Fund balance at end of year		<u><u>\$ 783,912</u></u>

See notes to financial statements.

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
HOUMA, LOUISIANA

Statement of Cash Flows - Fiduciary Fund Type
Nonexpendable Trust Funds

Year Ended March 31, 1999

Cash flows from operating activities:		
Excess revenues/(expenses)	\$ (323)	
Adjustments to reconcile excess revenues/ expenses to net cash flows from operating activities:		
Amortization of deferred bond issuance costs	6,531	
Accounts payable	2,365	
Income on investments	(117,447)	
Interest expense on bonds	193,179	
Proceeds from real estate mortgage loans	305,805	
Total adjustments	390,433	
Net cash provided by (used in) operating activities		\$ 390,110
Cash flows from noncapital financing activities:		
Bond principal payments	(343,822)	
Bond interest payments	(86,895)	
Net cash provided by (used in) noncapital financing activities		(430,717)
Cash flows from investing activities:		
Interest on investments	12,448	
Net cash provided by (used in) investing activities		12,448
Net increase (decrease) in cash and cash equivalents		(28,159)
Cash and cash equivalents at beginning of year		276,471
Cash and cash equivalents at end of year		\$ 248,312

See notes to financial statements.

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
HOUMA, LOUISIANA

Notes to Financial Statements

1) Reporting Entity

The Houma-Terrebonne Public Trust Financing Authority (Authority) is a public trust created by a Trust Indenture dated December 26, 1978, pursuant to Chapter 2A of Title 9 of the Louisiana Revised Statutes, as amended. The Authority was created to provide funds, through the issuance of bonds, to promote the development of residential housing in the Houma-Terrebonne area through low interest first mortgage loans and other purposes as specified by the Trust Indenture. The beneficiary of the trust is the Terrebonne Parish Consolidated Government on behalf of the Urban Services District.

The Authority has a five member appointed Board of Trustees, each member having a five-year term, and having the power to designate management, the ability to significantly influence operations and collectively having primary accountability for fiscal matters. This report includes all funds of the Authority.

Evidence of indebtedness are solely the obligations of the Authority and are not obligations of the Urban Services District, Terrebonne Parish Consolidated Government or the State of Louisiana.

The Authority is classified as a component unit of the Terrebonne Parish Consolidated Government (Parish) who is the beneficiary of the Trust on behalf of the Urban Services District.

2) Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows:

- a) **Fund Type.** The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenses. The fund type presented in the financial statements is described as follows:

Nonexpendable Trust Fund: This fund is used to account for bond proceeds that were used to finance residential housing through low interest first mortgage loans and for other purposes as specified by the Trust indenture.

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
HOUMA, LOUISIANA

Notes to Financial Statements

- b) Basis of accounting. The Authority follows the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.
- c) Budgetary data. The Authority is not required by the Louisiana Revised Statutes 39:1303 to adopt a budget for the Authority's nonexpendable Trust Funds.
- d) Statement of cash flows. For purposes of the statement of cash flows, cash equivalents include deposits and all short-term investments having original maturities of three months or less.
- e) Investments. Investments consist of debt securities and U.S. Government mutual trust funds and are carried at market value.
- f) Mortgage loans receivable. Mortgage loans receivable are insured for losses by reason of a default by a mortgagor. Based on the coverages in effect, the Authority does not anticipate any significant losses; accordingly, an allowance for uncollectable accounts is not necessary.
- g) Interest receivable. Interest receivable on investments and real estate mortgage loans is recorded as revenue in the year the interest is earned.
- h) Bond issuance costs. The costs of issuing bonds are being amortized on a straight-line basis over the life of the issues. When bonds are redeemed prior to their regularly scheduled maturity, a proportionate part of the related unamortized bond issuance costs is charged to expense.
- i) Real estate owned or acquired through foreclosure. Real estate owned is carried at the principal outstanding on the loan prior to acquisition by the Authority net of insurance proceeds received. The Authority was not holding any real estate acquired through foreclosure at March 31, 1999.
- j) Trust indenture accounts. The trust indentures under which the bonds were issued created certain funds and accounts. See note 3 for accounts maintained by the Authority.

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
HOUMA, LOUISIANA

Notes to Financial Statements

- k) 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) Creation of Funds and Accounts

Taxable Refunding Bonds Series 1992 A, Series 1992 B (class B-1 and B-2):

1. Collection Account. The trustee is required to deposit all payments of interest and principal on the Series B mortgage loans, all interest received on investments held in the Liquidity Reserve Account, and all amounts required to be transferred from the Debt Service Reserve Account into the Collection Account.

The moneys in this account shall be used to pay interest and principal on bonds as it becomes due and maintain the Expense Account at a balance of no less than \$15,000.

2. Expense Account. This account was initially funded with \$45,000 from the initial issuance of the 1992 Series Bonds and is to be maintained at a balance of no less than \$15,000 from funds available in the Collection Account. The moneys in this account are to be used to pay trustee fees, mortgage insurance premiums, and other program expenses.
3. Redemption Account. This account is to be used to pay principal and accrued interest on bonds called for redemption from amounts supplied by the Authority.
4. Liquidity Reserve Account. This account was initially funded with \$136,250 from the initial issuance of the 1992 Series Bonds. Investment earnings on amounts deposited in this Account are transferred to the Collection Account. The moneys in this account shall be transferred to the Collection Account to pay bond interest and principal when due to the extent funds are insufficient in the Collection Account.
5. Debt Service Reserve Account. This account was initially funded with \$654,281 from the initial issuance of the 1992 Series Bonds. The moneys in this account shall be transferred to the Collection Account to pay bond interest and principal when due to the extent funds are insufficient in the Collection Account and Liquidity Reserve Account.

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
HOUMA, LOUISIANA

Notes to Financial Statements

6. Amounts Remaining in Accounts. Amounts remaining in any Account and payments received on the Series B mortgage loans after full payment of the Bonds and fees, charges, expenses or other amounts requires to be paid by the 1992 B accounts shall be transferred to the Debt Service Account under the Series C Indenture.

Residual Revenue Capital Appreciation Bonds - Series 1992 C:

1. Debt Service Account. Following payment in full of the Series B bonds, all payment on Series B mortgage loans and all amounts remaining under the Series B Indenture shall be deposited in the Debt Service Account. Amounts in the account shall be used to pay the maturity amount of the Bonds and reimburse the Expense Account for fees and expenses paid.
2. Expense Account. Moneys deposited in the account will pay insurance premiums on mortgage loans and other program expenses.
3. Amounts Remaining in Accounts. Any amounts remaining in any Account and any residual revenues received after full payment of the Bonds and all related fees, charges and expenses shall be released to the Authority by the Trustee.

4) Cash and Investment Securities

Cash and investment securities consist of the following amounts which are held by the Trustee or his designee in various accounts and funds established in accordance with the bond trust indenture:

<u>Trust Indenture Accounts</u>	<u>Cash and Cash Equivalents</u>	<u>Investments Carrying Amount (Fair Value)</u>
Program subaccount	\$ 70,424	\$ -
Series 1992:		
Collection Account	25,870	-
Expense Account	15,000	-
Liquidity Reserve Account	137,018	-
Debt Service Reserve Account	-	1,651,776
Series 1992 Total	<u>177,888</u>	<u>1,651,776</u>
	<u>\$ 248,312</u>	<u>\$ 1,651,776</u>

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
HOUMA, LOUISIANA

Notes to Financial Statements

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 Insured or registered, or securities held by the Authority or its agent in the Authority's name
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Authority's name
- Category 3 Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Authority's name

The carrying amount and classification of securities at March 31, 1999 are summarized below:

	<u>Cash and Cash Equivalents</u>		<u>Investments</u>	
	<u>Carrying Amount</u>	<u>Category</u>	<u>Carrying Amount</u>	<u>Category</u>
Program Subcontract:				
U.S. Treasury Money				
Market Funds	<u>\$ 70,424</u>	1	<u>\$ -</u>	
Series 1992:				
Cash	768	1	-	
U. S. Treasury Money				
Market Funds	40,870	1	-	
Investment agreement -			-	
Berkshire Hathaway, Inc.	136,250	1		
Federal National Mortgage				
Association Discount				
Obligation	-		1,651,776	1
Series 1992 Total	<u>177,888</u>		<u>1,651,776</u>	
 Total	 <u><u>\$ 248,312</u></u>		 <u><u>\$ 1,651,776</u></u>	

Amounts on deposit in U. S. Treasury Money Market Funds are secured by securities held by the Fund trustee and pledged to secure all deposits in the Funds. They are not federally insured by the Federal Deposit Insurance Corporation (FDIC).

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
HOUMA, LOUISIANA

Notes to Financial Statements

Amounts on deposit in the investment agreement are invested pursuant to an Investment Agreement between the Trustee and Berkshire Hathaway, Inc. and bear interest at 5.80% per annum. These deposits are not insured by the FDIC.

At March 31, 1999, the Debt Service Reserve Account held an investment in a Federal National Mortgage Association zero coupon security with a face value of \$4,200,000 originally dated July 5, 1984 and maturing July 5, 2014. This security was purchased June 16, 1992 for \$654,281. The purchase discount will provide an estimated 8.8% effective annual yield over the security's remaining life. This security has a \$485,437 unrealized gain that is included as a component of the investment's carrying amount at March 31, 1999.

5) Mortgage Loans Receivable

Mortgage loans receivable consist of single family residential first mortgages bearing interest at 8.25% annually over a term of 30 years. Mortgage loans receivable are pledged as security for the payment of principal and interest on the bonds payable. As of March 31, 1999, the remaining life of mortgage loans receivable is approximately 10 years.

6) Bond Issuance Costs

The costs of issuing bonds are being amortized on a straight-line basis over the life of the issue. When bonds are redeemed prior to their regularly scheduled maturity, a proportionate part of the related unamortized bond issuance costs is charged to expense. Amortization as of March 31, 1999 is as follows:

	Series <u>1992</u>
Underwriting costs	\$ 86,709
Less accumulated amortization	(34,463)
	<u>\$ 52,246</u>

Amortization expense charged to operations is as follows:

Amortization of deferred bond issuance costs:	
1992 Series bonds	<u>\$ 6,531</u>

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
HOUMA, LOUISIANA

Notes to Financial Statements

7) Bonds Payable

Bonds payable at March 31, 1999 consist of Taxable Refunding Bonds Series 1992 B, Class B-1 and B-2, and Residual Revenue Capital Appreciation Bonds Series 1992 C. Changes in bonded debt for the year ended March 31, 1999 are as follows:

	Series 1992 B (B-1)	Series 1992 B (B-2)	Series 1992 C	Total
	(Interest & Principal Payable Monthly)	(Discounted Bonds Accreted to Face Value At Maturity)	(Discounted Bonds Accreted To Face Value At Maturity)	
Bonds payable at March 31, 1998	\$ 1,268,103	\$ 45,920	\$ 1,186,880	\$ 2,500,903
Accretion of issue discount	14,190	4,346	92,020	110,556
Retired	(343,822)	-	-	(343,822)
Bonds payable at March 31, 1999	<u>\$ 938,471</u>	<u>\$ 50,266</u>	<u>\$ 1,278,900</u>	<u>\$ 2,267,637</u>

Bonds payable at March 31, 1999 are comprised of the following issues:

<u>Series</u>	Bond Face Amount	Unamortized Bond Issue Discount	Net Bonds Outstanding
Series 1992 B, Class B-1	\$ 969,071	\$ 30,600	\$ 938,471
Series 1992 B, Class B-2	200,000	149,734	50,266
Series 1992 C	4,000,000	2,721,100	1,278,900
Total	<u>\$ 5,169,071</u>	<u>\$ 2,901,434</u>	<u>\$ 2,267,637</u>

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
HOUMA, LOUISIANA

Notes to Financial Statements

Taxable Refunding Bonds, Series 1992 B, Class B-1 dated June 1, 1992 bear interest at 7.375%. Interest accrues monthly and is payable on the first business day of the second month following the month of accrual. Principal is payable on the first business day of each month only from funds available in the Collection Account after payment of interest and other fees and expenses with the remaining balance due April 1, 2011. The bonds are subject to optional redemption prior to maturity, in whole, on and after June 1, 2002 at 100% of the unpaid principal amount. The Series 1992 B bonds are secured by the real estate mortgage loans and cash, cash equivalents and investments held in the accounts established by the indenture.

Taxable Refunding Bonds, Series 1992 B, Class B-2 dated June 16, 1992 maturing July 10, 2014 at \$200,000. Interest is not payable monthly but shall accrete value at an interest rate of 9.25% per annum compounded semiannually which will produce an aggregate maturity amount of \$200,000. The Class B-2 bonds are not subject to redemption prior to July 10, 1998. In the event Bonds are retired prior to the maturity date due to an acceleration, the amount payable shall be the accreted value.

Residual Revenue Capital Appreciation Bonds, Series 1992 C dated June 16, 1992 maturing July 10, 2014 at \$4,000,000. Interest is not payable monthly but shall accrete value at an interest rate 7.60% per annum compounded semiannually which will produce an aggregate maturity amount of \$4,000,000. The Series 1992C bonds are secured by a residual interest in the trust estate created by the Series B trust indenture. Series 1992C bonds are subject to optional redemption as follows:

<u>Redemption Period</u>	<u>Redemption Prices</u>
June 1, 2002 through May 31, 2003	103%
June 1, 2003 through May 31, 2004	102%
June 1, 2004 through May 31, 2005	101%
June 1, 2005 and thereafter	100%

A combined schedule of maturities and interest requirements for all bonds for each of the next five years is not presented since the amount of maturities is not fixed and determinable on an annual basis for the Series 1992, Class B-1 bonds, as discussed above.

8) Extinguishment Through In-Substance Defeasance of Debt

1. 1979 Series A, Single Family Mortgage Revenue Bonds.

On June 16, 1992, the Authority defeased the 1979 Series A, Single Family Mortgage Revenue bonds by depositing approximately \$8,997,000 from the issuance of the Series 1992 refunding bonds along with approximately \$4,597,000 held in the 1979 Series A bond program accounts in an irrevocable trust account with an escrow agent to be invested in governmental obligations maturing at such times to provide for all future

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
HOUMA, LOUISIANA

Notes to Financial Statements

debt service payments on the 1979 Series A bonds. Accordingly, the 1979 Series A bonds are considered to be defeased and do not appear as a liability in the financial statements. At March 31, 1999, defeased 1979 Series A bonds of \$12,265,000 remain outstanding.

2. 1980 Series A, Single Family Mortgage Revenue Bonds.

On May 12, 1988, the Authority defeased the 1980 Series A, Single Family Mortgage Revenue bonds by selling all of the program's assets and depositing the proceeds of \$7,242,272 in an irrevocable trust account to be invested in governmental obligations maturing at such times so that sufficient moneys will be available to pay bond principal of \$6,365,000 and interest as it becomes due. Additionally, by terms of the escrow deposit agreement and the related notice of defeasance, final maturity for all bonds not redeemed on or before November 1, 1999 will be redeemed on November 1, 2000 at par value. Accordingly, the 1980 Series A bonds are considered to be extinguished and do not appear as a liability in the accompanying balance sheet. As of March 31, 1999, defeased 1980 Series A bonds of \$5,375,000 remain outstanding.

9) Unreserved and Undesignated Fund Balance

Monies in the Program Subaccount are not pledged as security for the bonds and are not subject to the lien of the bond indentures. These funds are available for any valid purpose under the terms of the Trust Indenture.

10) Compensation of Board Members

The Authority did not pay per diem to any of the members of its Board of Trustees during the year ended March 31, 1999.

11) Supplemental Disclosures of Cash and Non-Cash Information

Cash paid for interest expense was \$86,895 for the year ended March 31, 1999.

The Authority had the following non-cash transactions:

Accretion of discount and change in fair value of on investments amounted to \$104,999.

Accretion of original issue discount on bonds payable amounted to \$110,556.

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
HOUMA, LOUISIANA

Notes to Financial Statements

12) Residual Equity Transfer of Funds

On June 13, 1994, the Authority transferred \$1,800,000 under a depository agreement dated June 1, 1994 to the Terrebonne Parish Consolidated Government for their use in constructing the Civic Center and Government Office Complex. In the event the project should not be completed as specified in the agreement, the funds shall be returned to the Authority.

13) Condensed Operating Results

Condensed operating results for the Series 1992 bond program and the Program Subaccount (discussed in note 8) follow:

	Series 1992	Program Subaccount	Total
Interest income	\$ 219,425	\$ 3,545	\$ 222,970
Interest expense on bonds	193,179	-	193,179
Net interest income	<u>26,246</u>	<u>3,545</u>	<u>29,791</u>
Other operating expenses:			
Amortization of deferred bond issuance costs	6,531	-	6,531
Other expenses	<u>16,447</u>	<u>7,136</u>	<u>23,583</u>
Excess revenues/(expenses)	<u>3,268</u>	<u>(3,591)</u>	<u>(323)</u>
Fund balance at beginning of year, as previously reported	238,587	71,288	309,875
Cumulative effect of change in accounting for investments	<u>474,360</u>	<u>-</u>	<u>474,360</u>
Fund balance at beginning of year, as restated	<u>712,947</u>	<u>71,288</u>	<u>784,235</u>
Fund balance at end of year	<u>\$ 716,215</u>	<u>\$ 67,697</u>	<u>\$ 783,912</u>

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
HOUMA, LOUISIANA

Notes to Financial Statements

14) GASB Pronouncement

Effective April 1, 1998, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools." Under GASB No. 31, the Authority is required to report investments at fair value in the balance sheet rather than amortized cost. The Authority adopted the new standard as of the beginning of its fiscal year by restating beginning fund balance for the cumulative effect of change in accounting for investments.

SUPPLEMENTARY FINANCIAL REPORTS

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Bergeron & Lanaux

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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

The Board of Trustees
Houma-Terrebonne Public Trust Financing Authority
Houma, Louisiana

We have audited the general purpose financial statements of the Houma-Terrebonne Public Trust Financing Authority (the Authority), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, for the year ended March 31, 1999, and have issued our report thereon dated September 14, 1999. 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 general purpose 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 of the general purpose financial statements of the Authority for the year ended March 31, 1999, 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 general purpose 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 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 over financial reporting and its operation that we consider to be material weaknesses. However, we noted another matter involving the internal control over financial reporting that we have reported to management of the Houma-Terrebonne Public Trust Financing Authority in a separate letter dated September 14, 1999.

This report is intended solely for the information of the Authority's Board of Trustees and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specific parties.

September 14, 1999

Bergerson & Sanays

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended March 31, 1999

We have audited the financial statements of the Houma-Terrebonne Public Trust Financing Authority as of and for the year ended March 31, 1999, and have issued our report thereon dated September 14, 1999. 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. Our audit of the financial statements as of March 31, 1999 resulted in an unqualified opinion. We issued a separate management letter dated September 14, 1999 as a result of this engagement.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control		
Material Weakness	_____ Yes	XX_ No
Reportable Conditions	_____ Yes	XX_ No
Compliance		
Compliance Material to Financial Statements	_____ Yes	XX_ No

b. Federal Awards - Not applicable, there were none.

c. Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Not applicable	

Section II Financial Statement Findings

There were none.

Section III Federal Award Findings and Questioned Costs

Not Applicable.

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended March 31, 1999

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

There were none for the year ended March 31, 1998.

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

Not applicable.

SECTION III MANAGEMENT LETTER

No management letter was issued for the year ended March 31, 1998.

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P. O. BOX 3695
HOUMA, LOUISIANA 70361-3695
TELEPHONE (504) 851-0883
FAX (504) 851-3014

Bergeron & Lanaux

— CERTIFIED PUBLIC ACCOUNTANTS —
A PROFESSIONAL CORPORATION

CLAUDE E. BERGERON, CPA
THOMAS J. LANAUX, CPA
MICHAEL D. BERGERON, CPA

September 14, 1999

The Board of Trustees
Houma-Terrebonne Public Trust Financing Authority
P. O. Box 6097
Houma, Louisiana

In planning and performing our audit of the financial statements of the Houma-Terrebonne Public Trust Financing Authority (the Authority) for the year ended March 31, 1999, we considered the Authority's internal control to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and improving operating efficiency. This letter does not affect our reports dated September 14, 1999 on the financial statements and compliance and internal control over financial reporting in accordance with Government Auditing Standards.

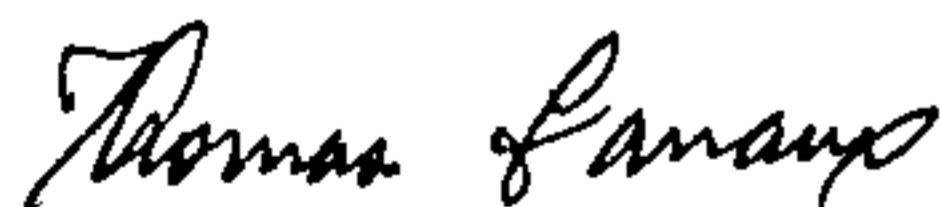
CASH DISBURSEMENTS

During our review of cash disbursements, we noted two invoices for accounting services pertaining to the Series 1992 bond issue that were inadvertently submitted to and paid for by the 1979 Program Subaccount (defeased issue). We recommend the Series 1992 bond issue reimburse the 1979 Program Subaccount for these costs. The two invoices totaled \$3,624 and were classified as interfund receivables and payables at March 31, 1999.

We appreciate the courtesy and assistance extended to us during our examination. We have already discussed these comments and suggestions with management, and we will be pleased to discuss with you in further detail, at your convenience, any of the matters referred to in this letter.

Very truly yours,

BERGERON & LANAUX



Thomas J. Lanaux, CPA

**HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended March 31, 1999**

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

No findings were reported which require a response from management.

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

Not applicable.

SECTION III MANAGEMENT LETTER

We agree with our auditors and will take the necessary steps to see that the Series 1992 bond issue reimburses the 1979 Program Subaccount.