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

Independent Auditors' Report on Financial Statements for the Years Ended July 31, 1999 and 1998 and Supplementary Information

Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based Upon the Audit Performed in Accordance With *Government Auditing Standards*

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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, 1999 and 1998, and the related individual statements of revenues, expenses and changes in fund balances (deficit) 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, 1999 and 1998, and their revenues, expenses and changes in fund balances (deficit) and their cash flows for the years then ended in conformity with generally accepted accounting principles.

The year 2000 supplementary information on page 16 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the unprecedented nature of the year 2000 issue and its effects, and the fact that authoritative measurement criteria regarding the status of remediation efforts have not been established. 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 November 24, 1999 on our consideration of the Authority's internal control and a report dated November 24, 1999 on its compliance with laws and regulations.

Deloitte & Touche LLP

November 24, 1999

Deloitte Touche Tohmatsu

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

INDIVIDUAL FUND BALANCE SHEETS
JULY 31, 1999 (IN THOUSANDS)

ASSETS	1979 Program	1988 Program	1990A Program	1990B Program	1990C Program	Unrestricted Fund
Cash and cash equivalents	$ 1,892	$ 118	$ 14	$ 80	$ -	$ 175
U.S. Government securities - at fair market value	24,167	-	-	4,464	350	2,634
Mortgage-backed securities	-	-	291	-	-	-
Mortgage loans receivable - net	-	4,832	-	263	-	4
Accrued interest receivable	4	83	2	5	-	10
Deferred financing costs - net of amortization	292	67	14	-	118	-
Other assets	-	9	-	-	-	-
	$ 26,355	$ 5,109	$ 321	$ 4,812	$ 468	$ 2,823
LIABILITIES AND FUND BALANCES (DEFICIT)						
Accrued interest payable	$ 864	$ 40	$ 3	$ -	$ -	$ -
Bonds payable - net	24,020	4,810	242	-	3,681	-
Total liabilities	24,884	4,850	245	-	3,681	-
Fund balances (deficit)	1,471	259	76	4,812	(3,213)	2,823
	$ 26,355	$ 5,109	$ 321	$ 4,812	$ 468	$ 2,823

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 (DEFICIT) YEAR ENDED JULY 31, 1999 (IN THOUSANDS)

	1979 Program	1988 Program	1990A Program	1990B Program	1990C Program	Unrestricted Fund
REVENUES						
Interest on mortgage loans/mortgage-backed securities	$ -	$ 892	$ 34	$ 25	$ -	$ -
Interest on investments	676	8		(224)		41
Claim payment receipts	-	68	-	-	-	-
	676	968	34	(199)	-	41
EXPENSES						
Interest	1,733	777	28	62	277	-
Amortization of deferred financing costs	13	23	15	7	4	-
Servicing fees	-	28	-	1	-	-
Mortgage loan insurance costs	-	12	-	-	-	-
Operating expense	10	5	2	-	-	15
	1,756	845	45	70	281	15
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(1,080)	123	(11)	(269)	(281)	26
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	2,551	136	87	5,081	(2,932)	2,797
FUND BALANCES (DEFICIT), END OF YEAR	$ 1,471	$ 259	$ 76	$4,812	$ (3,213)	$ 2,823

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, 1999 (IN THOUSANDS)

	1979 Program	1988 Program	1990A Program	1990B Program	1990C Program	Unrestricted Fund
OPERATING ACTIVITIES						
Excess (deficiency) of revenues over expenses	$ (1,080)	$ 123	$ (11)	$ (269)	$ (281)	$ 26
Adjustments to reconcile excess (deficiency) of revenues over *expenses to net cash provided by (used in) operating activities:*						
Discount accretion on mortgage loans	-	(335)	-	-	-	-
Amortization of deferred financing costs	13	23	15	7	4	-
Interest on investments	(1,943)	(8)	-	(277)	-	(206)
Unrealized loss on investments	1,267	-	-	501	-	165
Interest on bonds payable	1,733	777	28	62	277	-
Decrease (increase) in mortgage interest receivable	1	2	2	1	-	(1)
Decrease in other assets	-	1	-	-	-	-
Principal collected on mortgage loans/mortgage-backed securities	-	1,572	260	82	-	-
Net cash provided by (used in) operating activities	(9)	2,155	294	107	-	(16)
INVESTING ACTIVITIES						
Proceeds from maturity/sale of investments	1,311	-	-	-	-	-
Interest received on investments	1,444	8	-	1	-	42
Net cash provided by investing activities	2,755	8	-	1	-	42
NON-CAPITAL FINANCING ACTIVITIES						
Bond redemptions	(930)	(1,397)	(265)	(47)	-	-
Interest paid on bonds payable	(1,765)	(787)	(30)	(63)	-	-
Transfers among programs	-	-	-	-	-	-
Net cash used in financing activities	(2,695)	(2,184)	(295)	(110)	-	-

(Continued)

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

INDIVIDUAL FUND STATEMENTS OF CASH FLOWS YEAR ENDED JULY 31, 1999 (IN THOUSANDS)

	1979 Program	1988 Program	1990A Program	1990B Program	1990C Program	Unrestricted Fund
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	51	(21)	(1)	(2)	-	26
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,841	139	15	82	-	149
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,892	$ 118	$ 14	$ 80	$ -	$ 175

See notes to individual fund financial statements.

(Concluded)

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

INDIVIDUAL FUND BALANCE SHEETS
JULY 31, 1998 (IN THOUSANDS)

ASSETS	1979 Program	1988 Program	1990A Program	1990B Program	1990C Program	Unrestricted Fund
Cash and cash equivalents	$ 1,841	$ 139	$ 15	$ 82	$ -	$ 149
U.S. Government securities - at fair market value	26,246	-	-	4,689	350	2,635
Mortgage-backed securities	-	-	551	-	-	-
Mortgage loans receivable - net	-	6,069	-	345	-	4
Accrued interest receivable	5	85	4	6	-	9
Deferred financing costs - net of amortization	305	90	29	7	122	-
Other assets	-	10	-	-	-	-
	$28,397	$6,393	$599	$5,129	$ 472	$2,797
LIABILITIES AND FUND BALANCES (DEFICIT)						
Accrued interest payable	$ 896	$ 50	$ 5	$ 1	$ -	$ -
Bonds payable - net	24,950	6,207	507	47	3,404	-
Total liabilities	25,846	6,257	512	48	3,404	-
Fund balances (deficit)	2,551	136	87	5,081	(2,932)	2,797
	$28,397	$6,393	$599	$5,129	$ 472	$2,797

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 (DEFICIT) YEAR ENDED JULY 31, 1998 (IN THOUSANDS)

	1979 Program	1988 Program	1990A Program	1990B Program	1990C Program	Unrestricted Fund
REVENUES						
Interest on mortgage loans/mortgage-backed securities	$ -	$ 1,021	$ 58	$ 33	$ -	$ -
Interest on investments	2,385	13	-	728	-	295
Claim payment receipts	-	56	-	-	-	-
	2,385	1,090	58	761	-	295
EXPENSES						
Interest	1,792	895	51	28	257	-
Amortization of deferred financing costs	12	25	13	10	4	-
Servicing fees	-	34	-	1	-	-
Mortgage loan insurance costs	-	14	-	-	-	-
Operating expense	5	6	2	-	-	62
	1,809	974	66	39	261	62
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	576	116	(8)	722	(261)	233
TRANSFERS AMONG PROGRAMS	-	(126)	-	-	350	(224)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	1,975	146	95	4,359	(3,021)	2,788
FUND BALANCES (DEFICIT), END OF YEAR	$ 2,551	$ 136	$ 87	$ 5,081	$ (2,932)	$ 2,797

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, 1998 (IN THOUSANDS)

	1979 Program	1988 Program	1990A Program	1990B Program	1990C Program	Unrestricted Fund
OPERATING ACTIVITIES						
Excess (deficiency) of revenues over expenses	$ 576	$ 116	$ (8)	$ 722	$ (261)	$ 233
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by (used in) operating activities:						
Discount accretion on mortgage loans	-	(303)	-	-	-	-
Amortization of deferred financing costs	12	25	13	10	4	-
Interest on investments	(2,385)	(13)	(1)	(728)	-	(295)
Interest on bonds payable	1,792	895	51	28	257	-
Decrease in mortgage interest receivable	-	14	2	6	-	-
Decrease in other assets	-	2	-	-	-	-
Principal collected on mortgage loans/mortgage-backed securities	-	1,529	232	137	-	-
Net cash provided by (used in) operating activities	(5)	2,265	289	175	-	(62)
INVESTING ACTIVITIES						
Purchases of investments	-	-	-	-	(350)	(126)
Proceeds from maturity/sale of investments	1,427	-	7	-	-	354
Interest received on investments	1,307	13	1	3	-	38
Net cash provided by (used in) investing activities	2,734	13	8	3	(350)	266
NON-CAPITAL FINANCING ACTIVITIES						
Bond redemptions	(860)	(1,563)	(238)	(162)	-	-
Interest paid on bonds payable	(1,821)	(671)	(53)	(15)	-	-
Transfers among programs	-	(126)	-	-	350	(224)
Net cash (used in) provided by financing activities	(2,681)	(2,360)	(291)	(177)	350	(224)

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

INDIVIDUAL FUND STATEMENTS OF CASH FLOWS YEAR ENDED JULY 31, 1998 (IN THOUSANDS)

	1979 Program	1988 Program	1990A Program	1990B Program	1990C Program	Unrestricted Fund
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	48	(82)	6	1	-	(20)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,793	221	9	81	-	169
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,841	$ 139	$ 15	$ 82	$ -	$ 149

See notes to individual fund financial statements.

(Concluded)

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

NOTES TO INDIVIDUAL FUND FINANCIAL STATEMENTS YEARS ENDED JULY 31, 1999 AND 1998

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.

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.

Investments - During the year ended July 31, 1998, the Authority adopted the provisions of Government Accounting Standards Board Statement (GASBS) No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," and, retroactively, restated the financial statements for the prior year. GASBS No. 31 requires that all investments be reported at fair value with gains and losses included in the statements of revenues, expenses and changes in fund balances (deficit). Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties and has generally been based upon quoted values. This method of accounting causes fluctuations in reported investment values based on fluctuations in the investment market. Fluctuations in the fair value of investments are recorded as income or expense in the statements of revenues, expenses and changes in fund balances (deficit), and the amount is disclosed in the statements of cash flows as unrealized (gain) loss on securities. Following is a summary of the unrealized gains (losses) as reflected in the accompanying financial statements:

	Unrealized Gain (Loss)		
	Balance August 1, 1998	Change During the Year Ended July 31, 1999	Balance July 31, 1999
1979 Program	$4,654	$ (1,266)	$3,388
1990B Program	1,666	(498)	1,168
Unrestricted	636	(166)	470
	$6,956	$ (1,930)	$5,026

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, 1999 and 1998 were entirely insured. The Authority also has funds, classified as "Cash and Cash Equivalents" on the balance sheet, which represent interests in uninsured money market mutual funds.

In addition to the deposits described above, the Authority also has investments in U.S. Government and U.S. Government Agency securities. Investments are stated at fair value with gains and losses included in the statements of revenues, expenses, and changes in fund balances (deficit). A schedule of U.S. Government and U.S. Government Agency securities held is as follows:

	1979	1988	1990A	1990B	1990C	Unrestricted Fund
Amortized cost at July 31, 1999	$20,779	$ -	$ -	$3,296	$350	$2,164
Unrealized gain	3,388	-	-	1,168	-	470
Fair value at July 31, 1999	$24,167	$ -	$ -	$4,464	$350	$2,634

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 $1,928,613 and $2,263,000 at July 31, 1999 and 1998, 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, 1999 and 1998:

	1999	1998
	(in thousands)	
1979 Program:		
Single Family Mortgage Revenue Bonds, due serially and term through 2011, 6.5% to 7.2% stated rate	$24,020	$24,950
1988 Program:		
Single Family Mortgage Revenue Bonds, due June 30, 2011, 7.30% stated rate, 9.51% effective yield	$ 6,593	$ 8,227
Less related discount	(1,783)	(2,020)
	$ 4,810	$ 6,207
1990A Program:		
Refunding Bonds, due May 20, 2002, 8.5% stated rate	$ 242	$ 507
1990B Program:		
Taxable Refunding Bonds, due August 15, 2014, 8.125% stated rate, 9.20% effective yield	$ -	$ 107
Less related discount	-	(60)
	$ -	$ 47
1990C Program:		
Tax-Exempt Capital Appreciation Refunding Bonds, due August 20, 2014, 7.86% effective yield	$12,000	$12,000
Less related discount	(8,319)	(8,596)
	$ 3,681	$ 3,404

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):

2000	$ 1,020
2001	1,185
2002	1,285
2003	1,385
2004	1,495

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 1999 and 1998, the Authority made no distributions from the Unrestricted Fund to the cities of Monroe and West Monroe, Louisiana.

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SUPPLEMENTARY INFORMATION

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

YEAR 2000 SUPPLEMENTARY INFORMATION (UNAUDITED)
YEAR ENDED JULY 31, 1999

The year 2000 issue is the result of shortcomings in many electronic data-processing systems and other equipment that may adversely affect operations in the year 2000 and beyond. For many years, programmers eliminated the first two digits from a year when writing programs. For example, programmers would designate January 1, 1965 as "01/01/65" instead of "01/01/1965." On January 1, 2000 at 12:00:01 a.m., the internal clock in computers and other equipment will roll over from "12/31/99" to "01/01/00." Unfortunately, many programs (if not corrected) will not be able to distinguish between the year 2000 and the year 1900. This may cause the programs to process data inaccurately or to stop processing data altogether. Another factor that may cause problems in programs is the leap-year calculation. Some programs are unable to detect the year 2000 as a leap year.

Problems affecting a wide range of governmental activities will likely result if computers and other electronic equipment that are dependent upon date-sensitive coding are not corrected. These problems have the potential for causing a disruption to some government operations and may temporarily increase the cost of those operations.

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 day-to-day operations of the Authority and the programs it initiates. The Authority contracts with several service providers to administer and supervise each of its mortgage purchase bond programs.

These service providers maintain computerized current data on the Authority's accounting records and loan data, and supervise the servicing and trustee functions for each program. The Authority, therefore, has no computer software or hardware as the internal related functions are performed by third-party providers. The Authority has contacted each of its third-party providers to determine the status of their year 2000 remediation programs.

The Authority does not provide absolute assurance that it is or will become year 2000 compliant, that its year 2000 remediation efforts will be successful in whole or in part, or that parties with which it does business are or will become year 2000 compliant.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*.

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

We have audited the financial statements of Monroe-West Monroe (Ouachita Parish) Public Trust Financing Authority (the "Authority"), as of and for the year ended July 31, 1999, and have issued our report thereon dated November 24, 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 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 Monroe-West Monroe (Ouachita Parish) Public Trust Financing 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 management and the Board of Trustees of the Authority and the State of Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

November 24, 1999