

**CALCASIEU PARISH PUBLIC
TRUST AUTHORITY**

Financial Statements

With Independent Auditors' Report

May 31, 2017

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
FINANCIAL STATEMENTS:	
Statements of Net Position	10
Statements of Revenues, Expenses, and Changes in Net Position	11
Statements of Cash Flows	12
NOTES TO FINANCIAL STATEMENTS	13
OTHER SUPPLEMENTAL INFORMATION	
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	22
INTERNAL CONTROL AND COMPLIANCE	
Report on Internal Control Over Financial Reporting and On Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Calcasieu Parish Public Trust Authority
Lake Charles, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Calcasieu Parish Public Trust Authority (the "Authority"), a component unit of the Calcasieu Parish Police Jury, as of and for the year ended May 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the individual programs and the unrestricted fund of the Calcasieu Parish Public Trust Authority, as of May 31, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 6 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Calcasieu Parish Public Trust Authority's basic financial statements. The schedule of compensation, benefits and other payments to agency head is presented on page 23 and are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2017, on our consideration of the Calcasieu Parish Public Trust Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Calcasieu Parish Public Trust Authority's internal control over financial reporting and compliance.



Langley, Williams & Co., LLC
Lake Charles, Louisiana
October 24, 2017

CALCASIEU PARISH PUBLIC TRUST AUTHORITY
Management's Discussion and Analysis
May 31, 2017

This section of the Calcasieu Parish Public Trust Authority's (the "Authority") financial report presents a discussion and analysis of the Authority's financial performance during the fiscal year that ended May 31, 2017. Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Authority implemented GASBS 34 *Basic Financial Statements – and Management's Discussion and Analysis for the State and Local Governments*, in fiscal year 2003. The Authority is a component unit of the Parish of Calcasieu, Louisiana.

The Authority's equity represents 99.92% of its assets. With total assets approximating \$4,379,000, the Authority realized a change in net position of \$206,664 for the fiscal year ended May 31, 2017 compared to \$4,822 for fiscal year ended May 31, 2016.

The Authority's net position increased from \$4,169,343 as of May 31, 2016 to \$4,376,007 as of May 31, 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the notes to the financial statements, and supplementary information.

The financial statements provide both long-term and short-term information about the Authority's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

The Authority's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred. All assets and liabilities associated with the operation of the Authority are included in the Statements of Net Position.

Statements of Net Position report the Authority's net position. Net position, the difference between the Authority's assets and liabilities, is one way to measure the Authority's financial health or position.

CALCASIEU PARISH PUBLIC TRUST AUTHORITY
Management's Discussion and Analysis
May 31, 2017

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position

The Authority's total net position at May 31, 2017 was \$4,376,007, an increase of 4.96% from net position as of May 31, 2016 in the amount of \$4,169,343 (See Table A-1). Total assets decreased 38.48% to \$4,379,424, and total liabilities decreased 99.89% to \$3,417. The decrease in total assets was primarily due to funds utilized to repay bonds. The decrease in total liabilities was due to repayment of bonds payable.

Table A-1
Calcasieu Parish Public Trust Authority
(in thousands of dollars)

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>
Cash and cash equivalents	\$ 1,667	\$ 4,285	\$ (2,618)
Investments	2,595	2,600	(5)
Mortgage-backed securities and loans	114	205	(91)
Other assets	3	28	(25)
Total assets	<u>\$ 4,378</u>	<u>\$ 7,118</u>	<u>\$ (2,740)</u>
Other liabilities	\$ 3	\$ 37	\$ (34)
Bonds payable	-	2,912	(2,912)
Total liabilities	<u>3</u>	<u>2,949</u>	<u>(2,946)</u>
Net position:			
Restricted for debt	-	244	(243)
Unrestricted	4,376	3,925	451
Total net position	<u>\$ 4,376</u>	<u>\$ 4,169</u>	<u>\$ 207</u>

CALCASIEU PARISH PUBLIC TRUST AUTHORITY
Management's Discussion and Analysis
May 31, 2017

Changes in Net Position

The change in net position from operations at May 31, 2017 was an increase of \$206,664 compared to an increase of \$4,822 at May 31, 2016. Total operating revenues decreased by 94.41% to \$33,792 and total operating expenses decreased by 77.16% to \$133,009. The decrease in revenue was primarily due to investment income due to the use of these funds to redeem all outstanding bonds during 2017. The decrease in operating expenses was caused primarily by the redemption of the outstanding bonds thereby reducing interest expense, amortization and professional fees. The changes in net position are detailed in Table A-2; operating expenses are detailed in Table A-3.

The increase in net position is primarily a result of the gain on the early extinguishment of bonds payable.

Table A-2
Calcasieu Parish Public Trust Authority's Changes in Net Position
(in thousands of dollars)

	2017	2016	Increase (Decrease)
Operating revenues:			
Investment income	\$ 31	\$ 549	\$ (518)
Unrealized loss on investments	(4)	(1)	(3)
Fees	7	38	(31)
Total operating revenues	34	586	(552)
Operating expenses	133	582	(449)
Excess (deficiency) of revenues over expenditures	(99)	4	(103)
Other financing sources	306	-	306
Change in net position	207	4	203
Net position, beginning of the year	4,169	4,165	4
Net position, end of the year	\$ 4,376	\$ 4,169	\$ 207

CALCASIEU PARISH PUBLIC TRUST AUTHORITY
Management's Discussion and Analysis
May 31, 2017

Change in Net Position – (Continued)

Table A-3
Calcasieu Parish Public Trust Authority's Operating Expenses
(in thousands of dollars)

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>
Interest on debt	\$ 22	\$ 157	\$ (135)
Amortization of bond issuance and other costs	13	79	(66)
Professional fees	34	178	(144)
Servicing and financing fees	2	2	-
Downpayment assistance	13	121	(108)
Other	49	45	4
Total operating expenses	<u>\$ 133</u>	<u>\$ 582</u>	<u>\$ (449)</u>

DEBT ADMINISTRATION

Debt Administration

Total indebtedness for bonds payable was \$-0- as of May 31, 2017 compared to \$2,945,540 as of May 31, 2016. The decrease in bonds payable was from principal payments on current bonds and paying off the 2006B series bond. There was no issuance of bonds during the fiscal year end May 31, 2017.

All bond debt covenants have been met.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Calcasieu Parish Public Trust Authority at (337) 721-3650.

CALCASIEU PARISH PUBLIC TRUST AUTHORITY
 Statements of Net Position
 May 31, 2017

	2006B Bond Fund	Operating Fund	Combined Totals
ASSETS:			
Cash and cash equivalents	\$ 21,636	\$ 1,645,395	\$ 1,667,031
Investment securities at fair value	-	2,594,864	2,594,864
Mortgage-backed securities and loans	-	113,904	113,904
Accrued interest receivable	-	3,625	3,625
	\$ 21,636	\$ 4,357,788	\$ 4,379,424
 LIABILITIES:			
Accounts payable	\$ -	\$ 3,417	\$ 3,417
	-	3,417	3,417
 NET POSITION			
Unrestricted	21,636	4,354,371	4,376,007
	\$ 21,636	\$ 4,354,371	\$ 4,376,007

The accompanying notes are an integral part of these financial statements.

CALCASIEU PARISH PUBLIC TRUST AUTHORITY
 Statements of Revenues, Expenses,
 and Changes in Net Position
 For the Year Ended May 31, 2017

	2006B Bond Fund	Operating Fund	Eliminating Entries	Combined Totals
Operating revenues:				
Investment income on mortgage loans	\$ -	\$ 17,985	\$ -	\$ 17,985
Investment income on other securities	8,768	4,371	-	13,139
Unrealized loss on investments	-	(4,568)	-	(4,568)
Fees	-	7,236	-	7,236
Total operating revenues	8,768	25,024	-	33,792
Operating expenses:				
Interest on debt, net of premiums and discounts	21,882	-	-	21,882
Amortization of bond issuance costs and other costs	12,683	-	-	12,683
Servicing and financing fees	2,499	-	-	2,499
Trustee fees	618	-	-	618
Professional fees	1,000	32,731	-	33,731
Downpayment assistance	-	12,500	-	12,500
Other operating expenses	-	49,096	-	49,096
Total operating expenses	38,682	94,327	-	133,009
Deficiency of expenditures over revenues	(29,914)	(69,303)	-	(99,217)
Other financing sources (uses):				
Operating transfer in	-	498,752	(498,752)	-
Operating transfer out	(498,752)	-	498,752	-
Special item:				
Gain on early extinguishment of bonds	305,881	-	-	305,881
Total other financing sources (uses)	(192,871)	498,752	-	305,881
Change in net position	(222,785)	429,449	-	206,664
Net position - beginning of year	244,421	3,924,922	-	4,169,343
Net position - end of year	<u>\$ 21,636</u>	<u>\$ 4,354,371</u>	<u>\$ -</u>	<u>\$ 4,376,007</u>

The accompanying notes are an integral part of these financial statements.

CALCASIEU PARISH PUBLIC TRUST AUTHORITY
 Statements of Cash Flows
 For the Year Ended May 31, 2017

	2006B Fund	Operating Fund	Combined Totals
Cash Flows From Operating Activities:			
Change in net position	\$ (222,785)	\$ 429,449	\$ 206,664
Adjustments to reconcile to net cash provided (used) by operating activities:			
Unrealized loss on investments	-	4,568	4,568
Realized loss on investments	-	3,308	3,308
Amortization, net of accretion	1,377	-	1,377
Gain on early extinguishment of bonds	(305,881)	-	(305,881)
Net changes in:			-
Accrued interest and fees receivable	10,660	578	11,238
Accounts payable	-	(25)	(25)
Accrued interest payable	(33,551)	-	(33,551)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(550,180)	437,878	(112,302)
Cash Flows From Investing Activities:			
Collections and sales of mortgage loans receivable	-	88,023	88,023
Proceeds from investment securities maturities	1,000,000	1,600,000	2,600,000
Purchases of investment securities	-	(2,599,300)	(2,599,300)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	1,000,000	(911,277)	88,723
Cash Flows From Financing Activities:			
Principal payments on bonds & call premium paid	(2,594,800)	-	(2,594,800)
NET CASH USED BY FINANCING ACTIVITIES	(2,594,800)	-	(2,594,800)
Net change in cash	(2,144,980)	(473,399)	(2,618,379)
Cash and cash equivalents, beginning of year	2,166,616	2,118,794	4,285,410
Cash and cash equivalents, end of year	\$ 21,636	\$ 1,645,395	\$ 1,667,031

The accompanying notes are an integral part of these financial statements.

CALCASIEU PARISH PUBLIC TRUST AUTHORITY
Notes to Financial Statements
May 31, 2017

1. Organization

The Calcasieu Parish Public Trust Authority was created through a trust indenture dated May 14, 1979, pursuant to provisions of Chapter 2-A of Title 9 of the Louisiana Revised Statutes of 1950, as amended. The Authority is a legal entity separate and apart from the parish government, although the parish government is the ultimate beneficiary of all residuals of the trust estate. The initial legislation and subsequent amendments grant the Authority the right to obtain resources to promote the financing and development of any essential program conducted in the public's interest within the boundaries of Calcasieu Parish, Louisiana. The Authority's primary activities involve the issuance of bonds to obtain resources for the purpose of assisting in the financing of housing needs for persons of low and moderate incomes in Calcasieu Parish.

The bonds are solely the obligations of the Authority and are payable from revenues derived from mortgage loans, mortgage-backed securities and investments acquired pursuant to the indentures to which such bonds relate. The bonds are not obligations of Calcasieu Parish or any other governmental entity.

The Authority is managed by a Board of Trustees empowered to contract with outside parties to conduct the operations of the various programs. The Authority also contracts with national banking institutions to serve as trustee for each of its bond programs or as its custodial bank for the Authority's unrestricted resources.

The financial statements of the individual bond funds are presented on a combined basis. All interfund transactions have been eliminated. The Authority maintains a separate self-balancing set of books (a fund) for each bond program and an operating fund to account for its unrestricted assets. The assets of each individual bond fund are restricted under the related bond indentures. Accordingly, the combined totals on the financial statements are not intended to indicate that the combined assets are available for any purpose due to the contractual restrictions imposed on certain assets and the income derived there from. Additionally, the combined totals do not present consolidated financial information. Included in the totals are unrestricted assets that are available to the Authority for its unrestricted use.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (Statement 34) in 2003. Statement 34 established financial reporting standards for all state and local governments and related entities. Statement 34 primarily related to presentation and disclosure requirements and had no impact on total net position presented.

CALCASIEU PARISH PUBLIC TRUST AUTHORITY
Notes to Financial Statements
May 31, 2017

2. Summary of Significant Accounting Policies – (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to governments. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses, excluding amortization, are recorded when a liability is incurred, regardless of the timing of related cash flows. The Authority has no government or fiduciary funds.

The Authority used fund accounting to report its financial position and results of operations. The accounts of the Authority are organized on the basis of individual programs. The Programs, which are administered by a trustee bank, provide for a separate set of self-balancing accounts, which account for bonds issued, debt service and bond redemption requirements, investments, and related revenues and operating expenses. These individual Programs are aggregated in the financial statements to comprise the fund of the Authority.

The Authority's accounts are organized into a single proprietary fund. The enterprise fund (a proprietary fund) is used to account for operations (a) that are operated in a manner similar to private business where the intent of the governing body is that the cost (expense, including depreciation) of providing goods and services to the general public is financed or recovered primarily through user charges or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred and/or changes in net position is appropriate for capital maintenance.

The Authority's principal operating revenues are the interest and appreciation (depreciation) related to investments and mortgages/mortgage-backed securities. The Authority applies all applicable FASB pronouncements issued on or before November 30, 1989 in accounting for its operations unless those pronouncements conflict or contradict GASB pronouncements.

The Authority's financial statements are presented in accordance with generally accepted accounting principles adopted by the Governmental Accounting Standards Board (GASB) as applicable to all state and local governments.

Cash Equivalents

Cash and cash equivalents are stated at cost which approximates fair market value. For financial statement and cash flow purposes, the Authority considers cash, demand deposits, certificates of deposit and debt instruments purchased with an original maturity of three months or less to be cash equivalents.

CALCASIEU PARISH PUBLIC TRUST AUTHORITY
Notes to Financial Statements
May 31, 2017

2. Summary of Significant Accounting Policies – (Continued)

Investment Securities

As required by GASB Statement No. 25, investments are reported at fair value which is 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 net position, and the amount is disclosed in the statements of cash flows as unrealized gain (loss) on investments.

Mortgage-Backed Securities

Mortgage-backed securities are stated at cost, adjusted for amortization of premiums and accretion of fees and discounts using a method that approximates level yields. These securities are issued by the Government National Mortgage Association (GNMA) or the Federal National Mortgage Association (FNMA). Such securities are backed by mortgage loans originated in Calcasieu Parish, Louisiana. Monthly payments of principal and interest are passed through to the Authority to finance debt service payments and other administrative costs.

The Authority has adequate liquidity and capital, and it is generally the Board's intention to hold such assets to maturity. Should any be sold, gains and losses will be recognized based on the specific identification method. These securities bear the following terms and interest rates:

	Term	Pass Through Interest Rate
Operating Fund	30 Years	3.25% to 7.25%

Deferred Financing Costs

The cost of issuing mortgage revenue bonds are deferred and amortized over the life of the bonds as a financing expense. In the event all remaining bonds outstanding under a particular issue are retired, the unamortized balance is recognized as a component of the loss from the early extinguishment of debt.

Bond Discounts

Original issue discounts realized upon issuance of bonds are deferred and presented as a reduction of the face amount of bonds payable on the balance sheet. The deferred amount is amortized over the life of the bonds as a component of interest expense. In the event all remaining bonds outstanding under a particular issue are retired, the unamortized balance is recognized as a component of the loss from the early extinguishment of debt.

CALCASIEU PARISH PUBLIC TRUST AUTHORITY
Notes to Financial Statements
May 31, 2017

2. Summary of Significant Accounting Policies – (Continued)

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, expenses and changes in net position during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain revenues and expenses have been reclassified in the statement of revenues, expenses and changes in net position for the fiscal year ended May 31, 2016 to conform to the presentation for the fiscal year ended May 31, 2017.

3. Cash and Cash Equivalents

Cash and cash equivalents include bank accounts and short-term investments.

Custodial Credit Risk- Deposits

Louisiana state law allows the Authority to invest excess funds in obligations of the United States or any other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade commercial paper of domestic corporations.

As of May 31, 2017, the Authority had the following cash and cash equivalents balances:

<u>Cash and Cash Equivalents</u>	<u>Book Balance</u>	<u>Bank Balance</u>	<u>Insurance Coverage</u>	<u>Pledged Securities</u>
Cash deposits	\$ 45,512	\$ 45,512	\$ 250,000	\$ -
Money market mutual funds	1,621,519	1,621,519	1,621,519	-
Total	<u>\$ 1,667,031</u>	<u>\$ 1,667,031</u>	<u>\$ 1,871,519</u>	<u>\$ -</u>

State Law requires cash bank deposits (or resulting bank balances) to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held in the political subdivision, or with an unaffiliated bank or with a trust company for the account of the political subdivision. At May 31, 2017, the Authority's cash and cash equivalents were insured or collateralized with securities held by the pledging financial institution or trust company but not in the Authority's name.

CALCASIEU PARISH PUBLIC TRUST AUTHORITY
Notes to Financial Statements
May 31, 2017

4. Investment Securities

Investment Securities have been classified according to management's intent. The amortized cost of securities and their approximate fair values are as follows as of May 31, 2017:

<u>Securities available-for-sale</u>	<u>Amortized Cost</u>	<u>Unrealized Gains (Loss)</u>	<u>Fair Value</u>
Federal Agricultural Mortgage Corp	\$ 1,000,000	\$ (440)	\$ 999,560
Federal Home Loan Mortgage Corp	1,000,000	(850)	999,150
Federal Home Loan Bank	600,000	(3,846)	596,154
	<u>\$ 2,600,000</u>	<u>\$ (5,136)</u>	<u>\$ 2,594,864</u>

The following is a summary of maturities of securities available-for-sale as of May 31, 2017:

	<u>Amortized Cost</u>	<u>Fair Value</u>
Amounts maturing in:		
One year or less	\$ -	\$ -
After one year through five years	2,000,000	1,998,710
After five years through ten years	600,000	596,154
After ten years	-	-
	<u>\$ 2,600,000</u>	<u>\$ 2,594,864</u>

Credit Risk- Investments

Investments permitted by state statute include obligations issued, insured or guaranteed by the U.S. government including certificates or other evidences of ownership interest in such obligations and/or investments in registered mutual or trust funds consisting solely of U.S. government securities.

Custodial Credit Risk- Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Authority does not have a formal policy for custodial credit risk.

CALCASIEU PARISH PUBLIC TRUST AUTHORITY
Notes to Financial Statements
May 31, 2017

5. Mortgage-Backed Securities and Loans

The following chart presents the mortgage-backed securities of the Authority as of May 31, 2017. The amortized cost and approximate market value of the securities are:

	Amortized Cost	Unrealized Gain (Loss)	Market Value
GNMA	\$ 63,652	\$ 3,343	\$ 66,995
FNMA	50,252	(894)	49,358
	\$ 113,904	\$ 2,449	\$ 116,353

The amortized cost and estimated market value of investment securities, at May 31, 2017, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Amounts maturing in:		
One year or less	\$ -	\$ -
After one year through five years	20,115	20,195
After five years through ten years	-	-
After ten years	93,789	96,158
	\$ 113,904	\$ 116,353

Monthly principal and interest payments from the GNMA and FNMA mortgage-backed securities are guaranteed by GNMA and FNMA. Payments flow through to the holders of the Mortgage Revenue Bonds.

6. Mortgage Revenue Bonds Payable

The 2006 Series B Bonds were subject to redemption at the option of the Issuer on November 1, 2007, on any date, in whole or in part, at a redemption price equal to their Original Issue Price, with interest accrued to, but excluding, such redemption date. The Series B Bonds were subject to redemption, at the option and direction of the Issuer, in whole or in part at any time on or after September 1, 2016, as provided at redemption prices beginning with 104.0%, declining in 0.5% increments each year until September 1, 2024. The bonds bear a stated annual interest of 5.35% and carry a premium price of 106.760%. As of May 31, 2017, these bonds had been redeemed in accordance with the early redemption provisions as described in the 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. The early extinguished of the debt obligations resulted in a gain of \$305,881, which has been reported in the statement of revenues, expenses and changed in net position as a special item of other financing sources.

CALCASIEU PARISH PUBLIC TRUST AUTHORITY
Notes to Financial Statements
May 31, 2017

7. Revenue Bonds Payable

The revenue bond issues include a covenant which provides that the bonds are payable solely from payments made by the lessor or owner of the project financed by the bond proceeds. The Authority is under no obligation to pay the bonds from any other source. In accordance with industry standards, the debt and related capital leases are not recorded in the financial statements. The projects and related balances of the debt as of May 31, 2017 are as follows:

1997 Series Bond Program, (WPT Corporation Project)	\$	10,889,000
2007 Series Gulf Opportunity Zone Revenue Bond (4211 Common Street, L.L.C. Project)		295,000
2007 Series (JEMCON L.L.C.)		605,000
2007 Series (Lake Hotel Group L.L.P.)		7,525,000
2010 Series (Property Management, L.L.C.)		945,000
2010 Series (Sugar Bowl 2004, L.L.C.)		1,965,000
2011 Series (Lake Charles City Court Project)		2,360,000
2011 Series (University Student Lease Revenue Refunding)		15,050,000
2013A Series (Lake Charles Memorial Hospital Project)		2,865,000
2014 Series (Lake Charles Memorial Hospital Project)		7,405,000
2015 Series (Lake Charles Memorial Hospital Project)		10,000,000
	<u>\$</u>	<u>59,904,000</u>

8. Related Party Transactions

The members of the Authority's Board of Trustees receive a per diem payment for each meeting attended and are reimbursed for actual expenses incurred in their capacity as trustees of the Authority. The following payments were made to the members of the Board of Trustees for per diem:

		<u>May 31, 2017</u>
Allen Joyner	\$	1,350
Cheryl Burns		1,350
Herman Busch		1,650
Tim Castle		1,500
Teri Johnson		1,050
Jeffrey Davis		450
John Nash		1,800
Alvin Stevens		1,650
Charles Mackey		1,500
	<u>\$</u>	<u>12,300</u>

CALCASIEU PARISH PUBLIC TRUST AUTHORITY
Notes to Financial Statements
May 31, 2017

9. Commitments

In July 2015, the Authority approved a pledge in the amount of \$75,000 to provide matching funds for operations of the Assets for Independence Program, with \$25,000 to be paid initially, and the balance of \$50,000 to be paid over a five-year period. This \$12,500 is included in down payment assistance on the statement of revenues, expenses and changes in net position.

10. Subsequent Events

The Management of the Authority has evaluated its May 31, 2017 financial statements for subsequent events through October 24, 2017, the date the financial statements were available to be issued. Except for the item mentioned below, management is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

OTHER SUPPLEMENTAL INFORMATION

CALCASIEU PARISH PUBLIC TRUST AUTHORITY
Lake Charles, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

May 31, 2017

Agency Head Name / Title: Tim Castle, Board President

Purpose:	<u>Amount Paid By</u>
Salary	\$ 0
Benefits - insurance	0
Benefits - retirement	0
Benefits - other	0
Car allowance	0
Vehicle provided by government	0
Per Diem	1,500
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0
	<hr/>
	\$ 1,500
	<hr/>

*INTERNAL CONTROL
AND
COMPLIANCE*



Langley, Williams & Company, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 4690
LAKE CHARLES, LOUISIANA 70606-4690
205 W. COLLEGE STREET
LAKE CHARLES, LOUISIANA 70605-1625
(337) 477-2827
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LESTER LANGLEY, JR.
DANNY L. WILLIAMS
PHILLIP D. ABSHIRE, JR.
DAPHNE BORDELON BERKEN
PHILLIP D. ABSHIRE, III
NICHOLAS J. LANGLEY
ALEXIS H. O'NEAL

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

To the Board of Trustees
Calcasieu Parish Public Trust Authority
Lake Charles, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Calcasieu Parish Public Trust Authority, as of and for the year ended May 31, 2017, and the related notes to the financial statements, which collectively comprise of the Calcasieu Parish Public Trust Authority's basic financial statements and have issued our report thereon dated October 24, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Calcasieu Parish Public Trust Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Calcasieu Parish Public Trust Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Calcasieu Parish Public Trust Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weakness. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Calcasieu Parish Public Trust Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Calcasieu Parish Public Trust Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dorsey, Wilton & Co., P.C.

Lake Charles, Louisiana
October 24, 2017