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AIRPORT DISTRICT NO. 1 OF THE PARISH OF BEAUREGARD
BEAUREGARD PARISH POLICE JURY
DERIDDER, LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 1998

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 JUL 14 1999

AIRPORT DISTRICT NO. 1 OF THE PARISH OF BEAUREGARD
 BEAUREGARD PARISH POLICE JURY
 DERIDDER, LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS
 For the Year Ended December 31, 1998

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John A. Windham, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Airport District No. 1
of the Parish of Beauregard
Beauregard Parish Police Jury
DeRidder, Louisiana

I have audited the accompanying general purpose financial statements of Airport District No. 1 of the Parish of Beauregard, a component unit of the Beauregard Parish Police Jury, DeRidder, Louisiana, as of and for the year ended December 31, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of Airport District No. 1 of the Parish of Beauregard's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my 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. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Airport District No. 1 of the Parish of Beauregard, as of December 31, 1998 and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

Board of Commissioners
Airport Distric No. 1
of the Parish of Beauregard
Beauregard Parish Police Jury
DeRidder, Louisiana

In accordance with GOVERNMENT AUDITING STANDARDS, I have also issued my report dated June 9, 1999 on my consideration of Airport District No. 1 of the Parish of Beauregard's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general purpose financial statements of Airport District No. 1 of the Parish of Beauregard. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

John A. Windham, CPA
DeRidder, Louisiana
June 9, 1999

AIRPORT DISTRICT NO. 1 OF THE PARISH OF BEAUREGARD
 BEAUREGARD PARISH POLICE JURY
 DERIDDER, LOUISIANA
 PROPRIETARY FUND - ENTERPRISE FUND
 (All Fund Types and Account Groups)

BALANCE SHEET
 December 31, 1998

ASSETS

Current assets:

Cash	\$ 286,824
Accounts receivable	7,186
Grants receivable	9,188
Prepaid insurance	3,040
Inventory	<u>7,947</u>
Total current assets	<u>\$ 314,185</u>

Fixed assets:

Property, plant, and equipment - net	<u>\$ 4,667,175</u>
--------------------------------------	---------------------

Other assets:

Debt issue cost - net	<u>\$ 4,004</u>
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Total assets

\$ 4,985,364

LIABILITIES AND FUND EQUITY

Current liabilities:

Accounts payable	\$ 6,759
Contracts payable	72,034
Accrued compensated absences	9,280
Current portion of note payable	<u>25,000</u>
Total current liabilities	<u>\$ 113,073</u>

Long Term Liabilities:

Note payable	<u>\$ 270,000</u>
--------------	-------------------

Total liabilities

\$ 383,073

Fund equity:

Contributed capital	\$ 5,514,261
Retained earnings (deficit) - unreserved	<u>(911,970)</u>
Total fund equity	<u>\$ 4,602,291</u>

Total liabilities and fund equity

\$ 4,985,364

The accompanying notes are an integral part of this statement.

AIRPORT DISTRICT NO. 1 OF THE PARISH OF BEAUREGARD
 BEAUREGARD PARISH POLICE JURY
 DERIDDER, LOUISIANA
 PROPRIETARY FUND - ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS
 For the Year Ended December 31, 1998

Operating revenues:	
Fuel and oil sales	\$ 179,629
Agricultural and other leases	20,681
Timber sales	117,341
Hangar and other rentals	40,279
Miscellaneous	<u>322</u>
Total operating revenues	<u>\$ 358,252</u>
Operating expenses:	
Salaries and related benefits	\$ 114,877
Purchases of fuel and oil	108,060
Office supplies	5,767
Repairs and maintenance	45,143
Utilities and communications	31,381
Rentals	3,603
Depreciation	149,227
Amortization	471
Timber maintenance	17,149
Professional services	3,800
Insurance	8,994
Taxes	6,669
Small tools	3,271
Dues and publications	1,302
Bank charges	1,798
Uniforms	3,346
Customer services	2,529
Travel	742
Miscellaneous	<u>1,123</u>
Total operating expenses	<u>\$ 509,252</u>
Operating income (loss)	<u>\$ (151,000)</u>

(Continued)

The accompanying notes are an integral part of this statement.

AIRPORT DISTRICT NO. 1 OF THE PARISH OF BEAUREGARD
 BEAUREGARD PARISH POLICE JURY
 DERIDDER, LOUISIANA
 PROPRIETARY FUND - ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS
 For the Year Ended December 31, 1998

Non-operating revenues (expenses):	
Interest income	\$ 8,748
Interest expense	<u>(16,912)</u>
Total non-operating revenues (expenses)	\$ <u>(8,164)</u>
Net income (loss)	\$ (159,164)
Retained earnings (deficit), beginning of year	<u>(752,806)</u>
Retained earnings (deficit), end of year	\$ <u>(911,970)</u>
	(Concluded)

The accompanying notes are an integral part of this statement.

AIRPORT DISTRICT NO. 1 OF THE PARISH OF BEAUREGARD
 BEAUREGARD PARISH POLICE JURY
 DERIDDER, LOUISIANA
 PROPRIETARY FUND - ENTERPRISE FUND

STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 1998

Cash flows from operating activities:	
Cash received from customers	\$ 367,449
Cash payments to suppliers for goods and services	(239,398)
Cash payments to employees for services	<u>(111,671)</u>
Net cash provided by operating activities	<u>\$ 16,380</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	\$ (590,789)
Contracts payable decrease	(10,683)
Contributed capital received	498,903
Principal paid on note	(25,000)
Interest paid on note payable	(16,912)
Grants receivable increase	<u>122,611</u>
Net cash used for capital and related financing activities	<u>\$ (21,870)</u>
Cash flows from investing activities:	
Interest on cash management activities	<u>\$ 8,748</u>
Net increase in cash and cash equivalents	\$ 3,258
Cash and cash equivalents, beginning of year	<u>283,566</u>
Cash and cash equivalents, end of year	<u>\$ 286,824</u>

(Continued)

The accompanying notes are an integral part of this statement.

AIRPORT DISTRICT NO. 1 OF THE PARISH OF BEAUREGARD
 BEAUREGARD PARISH POLICE JURY
 DERIDDER, LOUISIANA
 PROPRIETARY FUND - ENTERPRISE FUND

STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 1998

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY
 OPERATING ACTIVITIES:

Operating income (loss)	\$ <u>(151,000)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	\$ 149,227
Amortization	471
Changes in assets and liabilities:	
Decrease in accounts receivable	9,197
Decrease in inventory	3,751
Increase in prepaid insurance	(38)
Increase in accounts payable	1,566
Increase in accrued compensated absences	<u>3,206</u>
Total adjustments	<u>\$ 167,380</u>
Net cash provided by operating activities	<u>\$ 16,380</u>
	(Concluded)

The accompanying notes are an integral part of this statement.

AIRPORT DISTRICT NO. 1 OF THE PARISH OF BEAUREGARD
BEAUREGARD PARISH POLICE JURY
DERIDDER, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 1998

INTRODUCTION

Airport District No. 1 of the Parish of Beauregard was created by the Beauregard Parish Police Jury through the adoption of Resolution 58-88 dated December 13, 1988, by virtue of the authority conferred by Sub-Part A, Part IV, Chapter 2, Title 2 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority. The airport district provides for the general maintenance, upkeep, and construction of property, plant, and equipment of the Beauregard Parish Airport, DeRidder, Louisiana. The governing authority of the airport district is a Board of Commissioners consisting of seven members selected by the Beauregard Parish Police Jury to serve a period of two years. The commissioners of the district receive no compensation for their services. The airport district's boundaries include approximately four thousand acres located within the Parish of Beauregard, State of Louisiana.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the Airport District No. 1 of the Parish of Beauregard have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Beauregard Parish Police Jury is the financial reporting entity for Beauregard Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature or significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Beauregard Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be

AIRPORT DISTRICT NO. 1 OF THE PARISH OF BEAUREGARD
BEAUREGARD PARISH POLICE JURY
DERIDDER, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 1998

considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints the district's governing board, and has the ability to impose its will on the district, the district was determined to be a component unit of the Beauregard Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The Airport District uses a fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

Proprietary Fund

The Proprietary fund accounts for activities similar to those found in the private sector where the determination of net income

AIRPORT DISTRICT NO. 1 OF THE PARISH OF BEAUREGARD
BEAUREGARD PARISH POLICE JURY
DERIDDER, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 1998

is necessary or useful to sound financial administration. The proprietary funds focus is on income measurement, which together with the maintenance of equity, is an important financial indicator. The proprietary fund is an enterprise fund.

1. Enterprise Fund - accounts for operations (a) that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The enterprise fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, money market accounts and time deposits. Cash equivalents include investments with original maturities of 90 days or less. Under state law, the airport district may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the airport district may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

AIRPORT DISTRICT NO. 1 OF THE PARISH OF BEAUREGARD
BEAUREGARD PARISH POLICE JURY
DERIDDER, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 1998

F. INVENTORIES

Inventories consist of fuel and is recorded as an expense when consumed. Inventories are valued at cost.

G. PREPAID ITEMS

Prepaid items consist of insurance premiums paid in the current year on policies that have terms that extend into subsequent years.

H. FIXED ASSETS

Fixed assets of the airport district are included on the balance sheet of the fund net of accumulated depreciation. All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of five to forty years for machinery, equipment, buildings and improvements respectively.

I. COMPENSATED ABSENCES

The airport district has the following policy relating to vacation and sick leave:

All 12 month employees earn from 10 to 20 days of annual leave each year depending on the length of employment with the airport district. Annual leave may be accumulated to a maximum of 20 days. Upon termination or retirement, unused annual leave is paid to the employee at the employee's current rate of pay.

All 12 month employees earn 13 days of sick leave per year. Sick leave may be accumulated to a maximum of 30 days. Upon termination by reduction in force or retirement, accumulated sick leave is paid to the employee at the employee's current rate of pay.

The airport district reflects the current cost of leave privileges in the salaries and related benefits classification on Statement B.

AIRPORT DISTRICT NO. 1 OF THE PARISH OF BEAUREGARD
BEAUREGARD PARISH POLICE JURY
DERIDDER, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 1998

J. FUND EQUITY

Contributed Capital

Contributed capital is recorded in the enterprise fund for capital grants restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

2. CASH AND CASH EQUIVALENTS

At December 31, 1998, the airport district has cash and cash equivalents (book balances) totaling \$286,824, as follows:

Petty cash	\$ 400
Money market accounts	116,424
Time deposits	<u>170,000</u>
Total	<u>\$ 286,824</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1998, the airport district has \$286,424 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance and \$286,424 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the airport district that the fiscal agent has failed to pay deposited funds upon demand.

AIRPORT DISTRICT NO. 1 OF THE PARISH OF BEAUREGARD
 BEAUREGARD PARISH POLICE JURY
 DERIDDER, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (Continued)
 For the Year Ended December 31, 1998

3. RECEIVABLES

The receivables of \$16,374 at December 31, 1998 are as follows:

<u>Class of Receivable</u>	
Fuel sales	\$ 5,546
Hanger rent	1,085
Labor services	450
Expense refunds	105
Intergovernmental grants	<u>9,188</u>
Total	<u>\$ 16,374</u>

4. FIXED ASSETS

A summary of fixed assets at December 31, 1998, follows:

	Useful <u>Life</u>	Estimated or Actual <u>Cost</u>	Accumulated <u>Depreciation</u>	<u>Net</u>
Land	---	\$ 177,259	\$ ---	\$ 177,259
Buildings	40 yrs	724,592	134,030	590,562
Improvements	40 yrs	4,578,703	1,203,417	3,375,286
Machinery and equipment	5-10 yrs	403,746	193,815	209,931
Construction in progress		<u>314,137</u>	---	<u>314,137</u>
Totals		<u>\$6,198,437</u>	<u>\$ 1,531,262</u>	<u>\$4,667,175</u>

5. PENSION PLAN

Substantially all employees of Airport District No. 1 of the Parish of Beauregard are members of the Parochial Employees Retirement System of Louisiana (System), a cost sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the airport district are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of

AIRPORT DISTRICT NO. 1 OF THE PARISH OF BEAUREGARD
BEAUREGARD PARISH POLICE JURY
DERIDDER, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 1998

creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to one per cent of final-average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, P. O. Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504)928-1361.

Funding Policy. Under Plan A, members are required by state statute to contribute at an actuarially determined rate. The current rate is 7.75% of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the district are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The district's contributions to the System under Plan A for the years ending December 31, 1998, 1997, and 1996, were \$3,761, \$3,453, and \$4,205, respectively, equal to the required contributions for each year.

6. PAYABLES

The payables of \$78,793 at December 31, 1998 are as follows:

Suppliers and vendors	\$ 6,759
Contractors, architects and engineers	<u>72,034</u>
Total	<u>\$ 78,793</u>

AIRPORT DISTRICT NO. 1 OF THE PARISH OF BEAUREGARD
 BEAUREGARD PARISH POLICE JURY
 DERIDDER, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (Continued)
 For the Year Ended December 31, 1998

7. COMPENSATED ABSENCES

At December 31, 1998, employees of the airport district have accumulated and vested \$9,208 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

8. NOTE PAYABLE

Certificates of Indebtedness in the amount of \$320,000 and bearing interest at a rate of 5.50% were issued on July 1, 1996 by Airport District No. 1 of the Parish of Beauregard (the "Issuer").

The Certificates have been issued pursuant to a resolution adopted by the governing authority of the Issuer on December 20, 1995 (the "Resolution"), for the purpose of (i) constructing and improving airport hangars to be located at the Beauregard Parish Airport; (ii) prepaying the outstanding promissory note of the Issuer, dated October 28, 1992 (the "Outstanding Note"); and (iii) paying the costs incurred in connection with the issuance of the Certificates, under the authority conferred by Sections 2921 to 2925, inclusive, of Title 33 of the Louisiana Revised Statutes of 1950, as amended (the "Act"), and other constitutional and statutory authority.

The Certificates, to the amount named, constitute legally binding special and limited obligations of the Issuer and are secured by an irrevocable pledge and dedication of the excess of annual revenues of the Issuer above statutory, necessary and usual charges in each of the fiscal years during which the Certificates are outstanding.

The Certificates are due as follows:

<u>Year ending December 31</u>	<u>Principal payments</u>	<u>Interest payments</u>	<u>Total</u>
1999	\$ 25,000	\$ 16,225	\$ 41,225
2000	30,000	14,850	44,850
2001	30,000	13,200	43,200
2002	30,000	11,550	41,550
2003	30,000	9,900	39,900
Thereafter	<u>150,000</u>	<u>21,175</u>	<u>171,175</u>
Total	<u>\$ 295,000</u>	<u>\$ 86,900</u>	<u>\$ 381,900</u>

AIRPORT DISTRICT NO. 1 OF THE PARISH OF BEAUREGARD
BEAUREGARD PARISH POLICE JURY
DERIDDER, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (Concluded)
For the Year Ended December 31, 1998

9. DEBT ISSUANCE COST

A summary of debt issuance cost at December 31, 1998 is as follows:

Debt issuance cost	\$ 5,182
less: accumulated amortization	<u>(1,178)</u>
Net debt issuance cost	<u>\$ 4,004</u>

10. ENTERPRISE FUND RETAINED DEFICIT

The retained deficit of the enterprise fund, amounting to \$911,970, arises because of the application of generally accepted accounting principles of financial reporting for such funds. Depreciation, a non-cash expense, contributes to the deficit. Even though the retained deficit exists, the enterprise fund had an overall fund equity of \$4,602,291 at December 31, 1998. The Board of Commissioners will raise user fees to reduce the retained deficit, when needed.

11. YEAR 2000 COMPLIANCE (Y2K)

All of Airport District No. 1 of the Parish of Beauregard's data processing is handled by the Beauregard Parish Police Jury. The police jury is in the process of making necessary changes to become year 2000 compliant. The police jury has committed approximately \$50,000 to these changes and expended approximately \$25,000 as of December 31, 1998. The police jury is in the testing phase of the conversion and plans to be Y2K compliant before December 31, 1999.

AIRPORT DISTRICT NO. 1 OF THE PARISH OF BEAUREGARD
BEAUREGARD PARISH POLICE JURY
DERIDDER, LOUISIANA

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended December 31, 1998

Prior Audit Findings

Airport District No. 1 of the Parish of Beauregard, DeRidder,
Louisiana had no prior year audit findings.

AIRPORT DISTRICT NO. 1 OF THE PARISH OF BEAUREGARD
 BEAUREGARD PARISH POLICE JURY
 DERIDDER, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended December 31, 1998

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>FEDERAL DISBURSEMENTS/ EXPENDITURES</u>
<u>United States Department of Transportation</u>		
Federal Aviation Administration		
Airport Improvement Program	20.106	\$ <u>434,442</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A-SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of Airport District No. 1 of the Parish of Beauregard's federal award programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Airport District No. 1
of the Parish of Beauregard
Beauregard Parish Police Jury
DeRidder, Louisiana

I have audited the financial statements of Airport District No. 1 of the Parish of Beauregard, a component unit of the Beauregard Parish Police Jury, DeRidder, Louisiana, as of and for the year ended December 31, 1998, and have issued my report thereon dated June 9, 1999. I conducted my 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 Airport District No. 1 of the Parish of Beauregard's general purpose financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 my audit, I considered Airport District No. 1 of the Parish of Beauregard's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My 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

Board of Commissioners
Airport District No. 1
of the Parish of Beauregard
Beauregard Parish Police Jury
DeRidder, Louisiana

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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the Board of Commissions, Legislative Auditor and Airport District No. 1 of the Parish of Beauregard's management. However, this report is a matter of public record and its distribution is not limited.

John A. Windham, CPA
DeRidder, Louisiana
June 9, 1999

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REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
Airport District No. 1
of the Parish of Beauregard
Beauregard Parish Police Jury
DeRidder, Louisiana

Compliance

I have audited the compliance of Airport District No. 1 of the Parish of Beauregard, with the types of compliance requirements described in the U.S. OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133 COMPLIANCE SUPPLEMENTAL that are applicable to each of its major federal programs for the year ended December 31, 1998. Airport District No. 1 of the Parish of Beauregard's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Airport District No. 1 of the Parish of Beauregard's management. My responsibility is to express an opinion on Airport District No. 1 of the Parish of Beauregard's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States; and OMB Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Airport District No. 1 of the Parish of Beauregard's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Airport District No. 1 of the Parish of Beauregard's compliance with those requirements.

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Airport District No. 1
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DeRidder, Louisiana
Page 2

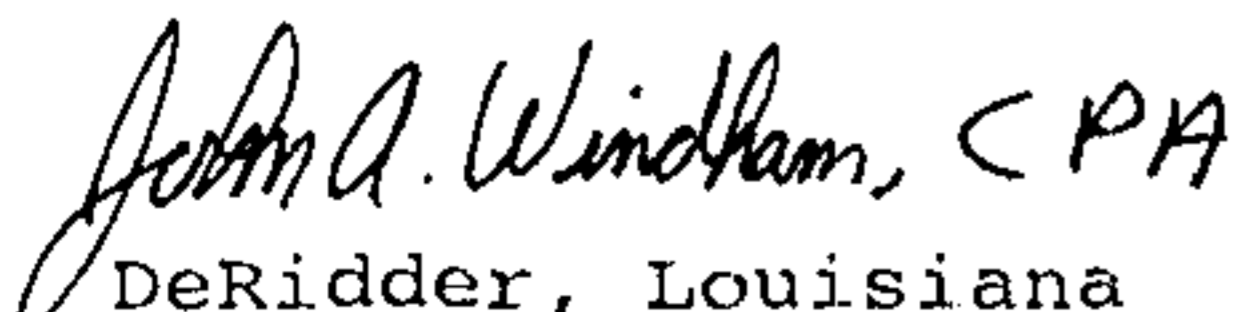
In my opinion, Airport District No. 1 of the Parish of Beauregard, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1998.

Internal Control Over Compliance

The management of Airport District No. 1 of the Parish of Beauregard is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Airport District No. 1 of the Parish of Beauregard's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners, Legislative Auditor, Airport District No. 1 of the Parish of Beauregard's management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.


DeRidder, Louisiana
June 9, 1999

AIRPORT DISTRICT NO. 1 OF THE PARISH OF BEAUREGARD
BEAUREGARD PARISH POLICE JURY
DERIDDER, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Airport District No. 1 of the Parish of Beauregard.
2. No reportable conditions relating to the audit of general purpose financial statements are reported in the 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.
3. No instances of noncompliance material to the general purpose financial statements of Airport District No. 1 of the Parish of Beauregard were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs is reported in the Report on Compliance Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the Airport District No. 1 of the Parish of Beauregard expresses an unqualified opinion.
6. The programs tested as major programs include:

Department of Transportation
Airport Improvement Program
CFDA No. 20.106

AIRPORT DISTRICT NO. 1 OF THE PARISH OF BEAUREGARD
 BEAUREGARD PARISH POLICE JURY
 DERIDDER, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended December 31, 1998

7. The threshold for distinguishing Types A and B programs was as follows:

DETERMINING TYPE A PROGRAMS

<u>If Total Federal Awards Expended Are:</u>	<u>A "Type A" Program Is Any Program with Federal Awards Expended of:</u>
\$300,000 to \$100 million	The larger of \$300,000 or 3% (.03) of total federal awards expended
\$100,000,001 to \$10 billion	The larger of \$3 million or .3% (.003) of total federal awards expended
Above \$10 billion	The larger of \$30 million or .15% (.0015) of total federal awards expended

DETERMINING "TYPE B" SMALL PROGRAM FLOOR

<u>If Total Federal Awards Expended Are:</u>	<u>A "Type B" Small Program Floor Applies to Any Program with Federal Awards Expended That Exceed:</u>
\$100 Million or less	The larger of \$100,000 or 3% (.03) of total federal awards expended
Above \$100 Million	The larger of \$300,000 or .03% (.003) of total federal awards expended

8. Airport District No. 1 of the Parish of Beauregard was not determined to be a low-risk auditee.

B. FINDINGS-FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL PROGRAMS AUDIT

None