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COMPONENT UNIT FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITORS

AIRPORT AUTHORITY FOR AIRPORT DISTRICT #1 OF CALCASIEU PARISH
LAKE CHARLES, LOUISIANA

December 31, 1995

7-31-96 Release Date

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.

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Airport Authority for Airport District #1
of Calcasieu Parish
Lake Charles, Louisiana

We have audited the accompanying general purpose financial statements of the Airport Authority for Airport District #1 of Calcasieu Parish, Louisiana, a component unit of Calcasieu Parish Police Jury, as of and for the year then ended December 31, 1995, as listed in the table of contents. These general purpose financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Airport Authority District #1 of Calcasieu Parish, Louisiana as of December 31, 1995, 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.


May 1, 1996

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 1995

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)
	CAPITAL PROJECTS	ENTERPRISE	
ASSETS			
Cash	\$ -	\$753,898	\$753,898
Accounts receivable			
Ad valorem taxes	-	255,593	255,593
State of Louisiana	12,793	-	12,793
Federal Aviation			
Administration grants	67,198	-	67,198
State revenue sharing	-	13,066	13,066
Trade accounts (net of allowance for doubtful accounts of \$-0-)	-	61,147	61,147
Prepaid expenses	-	11,505	11,505
Property, plant and equipment (net of \$8,152,017 accumulated depreciation)	-	9,400,809	9,400,809
Due from other funds	45,452	-	45,452
	-----	-----	-----
	\$125,443	\$10,496,018	\$10,621,461
	=====	=====	=====
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	\$125,188	\$39,148	\$164,336
Accrued liabilities	-	23,011	23,011
Lease payable	-	1,195	1,195
Deductions from ad valorem taxes for Retirement systems	-	8,464	8,464
Security deposits	-	4,000	4,000
Due to other funds		45,452	45,452
	-----	-----	-----
	125,188	121,270	246,458
FUND EQUITY			
Contributed capital	-	8,148,848	8,148,848
Retained earnings	-	2,225,900	2,225,900
Fund balance			
Unreserved and undesignated	255	-	255
	-----	-----	-----
	255	10,374,748	10,375,003
	-----	-----	-----
	\$125,443	\$10,496,018	\$10,621,461
	=====	=====	=====

The accompanying notes are an integral part of this financial statement.

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE- ALL GOVERNMENTAL FUND TYPES

December 31, 1995

		CAPITAL PROJECTS -----
Revenues		
Grant - Federal Aviation Administration		\$494,647
Grant - State of Louisiana		55,336

Total revenues		549,983
Expenditures		
Construction contracts		507,603
Engineering and other		40,700
Proximity gear		10,087

Total expenditures		558,390

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(8,407)
Other financing sources (uses)		
Operating transfers in		5,010

EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES		(3,397)
Fund balance at January 1, 1995	63,757	
Prior period adjustment (note K)	(60,105)	

Fund balance restated		3,652

Fund balance at December 31, 1995		\$255
		=====

The accompanying notes are an integral part of this financial statement.

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN RETAINED EARNINGS - PROPRIETARY FUND TYPE

December 31, 1995

		ENTERPRISE FUND

Operating revenues		
Leases, rentals, and commissions		\$552,987
Landing fees		69,032
Ad valorem taxes		269,507
State revenue sharing		13,066
Other		422

		905,014
Operating expenses		
Contractual services		78,945
Deduction from ad valorem taxes for retirement system		8,464
Depreciation		470,526
Dues and subscription		821
Gas and oil		7,183
Insurance		61,554
Materials and supplies		72,921
Miscellaneous		21,269
Office expenses		4,703
Payroll taxes		16,200
Professional services		19,585
Retirement contributions		21,649
Salaries and wages		363,881
Security charges		14,755
Travel		739
Utilities and telephone		94,583

Total operating expenses		1,257,778

OPERATING LOSS		(352,764)
Other revenues (expenses)		
Interest income		39,505

LOSS BEFORE OPERATING TRANSFERS		(313,259)
Operating transfers out		(5,010)

NET LOSS		(318,269)
Retained earnings at January 1, 1995	2,464,362	
Prior period adjustments (note K)	79,807	

Retained earnings - restated		2,544,169

Retained earnings at December 31, 1995		\$2,225,900
		=====

The accompanying notes are an integral part of this financial statement.

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE

December 31, 1995

Cash flows from operating activities:	
Operating income (loss)	(\$352,764)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	470,526
Net book value of fixed asset trade-in	672
Changes in assets and liabilities:	
Increase in amounts due from other funds	105,557
Decrease in accounts receivable	606
Increase in prepaid expenses	(5,255)
Increase in accounts payable	22,905
Decrease in accrued liabilities	(1,434)
	240,813
Cash flows from noncapital financing activities	
Operating transfers out	(5,010)
	235,803
Cash flows from capital and related financing activities:	
Principal payments under notes and leases payable	(2,509)
Acquisition of fixed assets	(26,687)
	(29,196)
Cash flows from investing activities	
Interest on operating funds and investments	39,505
	39,505
NET INCREASE IN CASH	246,112
Cash, beginning of year	507,786
Cash, end of year	\$753,898

The accompanying notes are an integral part of this financial statement.

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING CAPITAL AND
FINANCING ACTIVITIES - PROPRIETARY FUND TYPE

December 31, 1995

During the year ended December 31, 1995, certain land improvements with a cost of \$543,272 and fixed assets with basis of \$10,087 were contributed to the proprietary fund from the capital projects fund. No cash transactions occurred as a result of these contributions of assets.

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1995

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Airport Authority for Airport District #1 of Calcasieu Parish (the Authority) was created by the Calcasieu Parish Police Jury as provided by Revised Statutes 2:602. The Authority is governed by a board of five commissioners who, along with the Airport Manager, establish regulations governing the maintenance and operations of the facilities of the Lake Charles Regional Airport.

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the authority's accounting policies are described below.

1. Reporting entity

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criteria for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criteria used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Authority is able to exercise oversight responsibilities. Based upon the application of these criteria, the Authority is a component unit that should be included in the Calcasieu Parish Police Jury's financial reporting because of the significance of their oversight relationship with the Authority.

2. Fund Accounting

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses as appropriate.

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS - Continued

December 31, 1995

2. **Fund Accounting - continued**

Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the financial statements are described as follows:

The Capital Projects Fund is used to account for financial resources to be used for the acquisition, renovations, or construction of major capital facilities.

The Enterprise Fund is used to account for operations that are financed by providing services to the general public on a continuing basis and it is operated similar to a private business enterprise.

3. **Fixed Assets**

Fixed assets are stated at cost. Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. The cost and related accumulated depreciation of assets sold or otherwise disposed of during the period are removed from the accounts. Any gain or loss is reflected in the year of disposal. Accumulated depreciation is reported on the proprietary fund balance sheet.

Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation for the year ended December 31, 1995 amounted to \$470,526. The estimated useful lives are as follows:

	Years

Buildings and improvement	30
Land improvements	10-40
Machinery and equipment	3-10
Furniture and fixtures	5-10

4. **Basis of Accounting**

All governmental funds are maintained on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recognized in the year the taxes are assessed. Federal and state aid and grants are recognized when the district is entitled to the funds. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS - Continued

December 31, 1995

4. **Basis of Accounting - Continued**

The proprietary fund is maintained on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

5. **Total Columns on Combined Statements - Overview**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

6. **Statement of Cash Flows**

For purposes of reporting cash flows all highly liquid investments (including restricted assets) with a maturity of three months or less are considered to be cash equivalents.

NOTE B - LEASE PAYABLE

The Authority leases communications equipment with a basis of \$9,465 under a capital lease. The following is a schedule by years of future minimum lease payments together with the present value of minimum lease payments:

Year ending December 31, 1996	\$1,274
Less amount representing interest	79

Present value of minimum lease payments	\$1,195
	=====

The lease is collateralized by the communications equipment.

NOTE C - CASH

Repurchase Agreement

The Authority's funds held at First National Bank of Lake Charles are pooled with the funds of the Calcasieu Parish Police Jury under its repurchase agreement with the bank. The bank carrying amount of deposits held at December 31, 1995, which were invested in government securities, amounted to \$738,368. This amount less outstanding checks, plus any outstanding deposits is included in "Cash" in the accompanying combined balance sheet.

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS - Continued

December 31, 1995

NOTE C - CASH - (continued)

Repurchase Agreement

The Authority's deposits are fully collateralized by Federal and State government bonds held by First National Bank of Lake Charles in the Airport Authority for Airport District #1 of Calcasieu Parish and Calcasieu Parish Police Jury's names.

NOTE D - PENSION PLAN

Full-time employees of the Authority are members of the Parochial Employees' Retirement System of Louisiana, a multi-employer (cost-sharing), public employee retirement system (PERS), controlled and 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. Eligible employees of the Authority were members of Plan A for 1995.

Under Plan A, members with 10 years of creditable service may retire at age 60; member with 25 years of service may retire at age 55; members with 30 years of service may retire regardless of age. The retirement allowance is equal to three percent of the member's final average compensation (defined as the average of the highest consecutive 36 months) multiplied by his years of creditable service. However, any employee who was a member of the supplemental plan only prior to the revision date has the benefit earned for service credited prior to the revision date on the basis of one percent of final compensation plus two dollars per month for each year credited prior to the revision date, and three percent of final compensation for each year of service credited after the revision date. The retirement allowance may not exceed the greater of one hundred percent of a member's final salary or the final compensation.

Contributions to the System include 1/4 of 1% of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. State statute requires covered employees to contribute a percentage of their salaries, 9.5% under Plan A, to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation for the prior fiscal year. The employer contributions for 1995 were 8.25% of covered employees' salaries.

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS - Continued

December 31, 1995

NOTE D - PENSION PLAN - (continued)

The payroll for the Authority employees covered by the system for the year ended December 31, 1995 was \$268,210; the Authority's total payroll and accrued benefits was \$363,881. The Authority contributed \$21,649 to the system during the year.

NOTE E - ANNUAL AND SICK LEAVE

Permanent employees earn one to six weeks of annual leave and two to six weeks of sick leave each year depending on length of service with the Authority. A maximum of ten days of annual leave may be accumulated and carried forward without limitation. Upon termination, employees are paid for unused annual leave only.

NOTE F - AD VALOREM TAXES

For the year ended December 31, 1995, taxes of .64 mills were levied on property with taxable assessed valuations of \$420,397,220 and were dedicated to the operation and maintenance of the Airport.

Property tax millage rates are adopted on a 10 year basis. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31. Property taxes not paid by the end of February are subject to lien.

A renewal election was held and passed in October 1994 to levy millage beginning in 1995 and expiring 2004.

NOTE G - CONTRIBUTION OF CAPITAL

Capital projects totalling \$553,359 were transferred to the Enterprise Fund as a contribution of capital.

NOTE H - LEASE REVENUE

The Authority leases its property to commercial airlines, car rental companies, concessionaires, certain fixed base operators who service the airline industry and the Federal Aviation Administration. A significant portion of these leases are non-cancellable operating leases.

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS - Continued

December 31, 1995

NOTE H - LEASE REVENUE - (continued)

Minimum rentals on non-cancelable operating leases for the next five years are as follows:

Year -----	Amount -----
1996	\$191,190
1997	121,308
1998	70,660
1999	68,873
2000	72,275

	\$524,306
	=====

NOTE I - PROPERTY, PLANT AND EQUIPMENT

	Balance 12-31-94 (As restated- note K) -----	Additions -----	Disposals -----	Balance 12-31-95 -----
Land	\$2,419,898	-	-	\$2,419,898
Buildings and improvements	2,829,421	4,255	-	2,833,676
Land improvements	11,007,581	543,292	-	11,550,873
Machinery and equipment	672,010	25,735	20,156	677,589
Furniture and fixtures	54,539	6,786	-	61,325
Leased properties under capitalized leases	9,465	-	-	9,465
	-----	-----	-----	-----
	\$16,992,914	\$580,068	\$20,156	\$17,552,826
	=====	=====	=====	=====

NOTE J - COMMITMENTS

Pursuant to a grant agreement with the FAA, the authority has been authorized expenditures and reimbursements of \$189,000 for the rehabilitation of the ARFF vehicle.

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS - Continued

December 31, 1995

NOTE K - PRIOR PERIOD ADJUSTMENTS

Certain errors from prior periods were discovered during the current year. Correction of these errors resulted in an increase in previously reported income of the Enterprise Fund and a decrease of previously reported income in the Capital Projects Fund.

The following is a schedule detailing the nature and amount of each error:

	Enterprise Fund	Capital Projects
	-----	-----
Understatement (overstatement) of amounts due from other funds	\$60,105	(\$60,105)
Property, plant, and equipment previously removed from service	(143,095)	-
Accumulated depreciation on property, plant, and equipment previously removed from service	134,219	-
Understatement of trade accounts receivable	28,578	-
	-----	-----
	\$79,807	(\$60,105)
	=====	=====


INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Board of Commissioners
Airport Authority for Airport District #1
of Calcasieu Parish
Lake Charles, Louisiana

We have audited the general purpose financial statements of the Airport Authority for Airport District #1 of Calcasieu Parish, Louisiana, a component unit of Calcasieu Parish Police Jury, as of and for the year ended December 31, 1995, and have issued our report thereon dated May 1, 1996. These general purpose financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of OMB Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Authority taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.


May 1, 1996

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Year ended December 31, 1995

Federal Grantor/Pass-through Grantor/Program Title -----	Federal CFDA Number -----	Federal Expenditures -----
US Department of Transportation: Airport Improvement Program	20.106	\$494,647

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF GENERAL-PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Airport Authority for Airport District #1
of Calcasieu Parish
Lake Charles, Louisiana

We have audited the general purpose financial statements of the Airport Authority for Airport District #1 of Calcasieu Parish, Louisiana, a component unit of Calcasieu Parish Police Jury, as of and for the year ended December 31, 1995, and have issued our report thereon dated May 1, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Authority is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Authority for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Commissioners, management, the Federal Aviation Administration and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Stull & Associates

May 1, 1996

**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

Board of Commissioners
Airport Authority for Airport District #1
of Calcasieu Parish
Lake Charles, Louisiana

We have audited the general purpose financial statements of the Airport Authority for Airport District #1 of Calcasieu Parish, Louisiana, a component unit of Calcasieu Parish Police Jury, as of and for the year ended December 31, 1995, and have issued our report thereon dated May 1, 1996. We have also audited the compliance of Airport Authority for Airport District #1 of Calcasieu Parish with requirements applicable to major federal financial assistance programs and have issued our report thereon dated May 1, 1996.

We conducted our audits in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether the Airport Authority for Airport District #1 of Calcasieu Parish complied with laws and regulations, noncompliance with which would be material to a federal financial assistance program.

In planning and performing our audits for the year ended December 31, 1995, we considered the internal control structure of Airport Authority for Airport District #1 of Calcasieu Parish, in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements of the Airport Authority, and on the compliance of the Authority with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated May 1, 1996.

The management of the Authority is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

General Requirements

- Political Activity
- Civil Rights
- Cash Management
- Federal Financial Reports
- Allowable Costs/cost principles
- Drug-Free Workplace Act

Specific Requirements

- Types of services allowed or unallowed
- Matching, level of effort, or earmarking
- Reporting
- Cost allocation
- Claims for advances and reimbursements

For all the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed the control risk.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the major federal financial assistance program of the Authority, which is identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Commissioners, management, the Federal Aviation Administration and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Stutt & Associates
May 1, 1996

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF
GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Airport Authority for Airport District #1
of Calcasieu Parish
Lake Charles, Louisiana

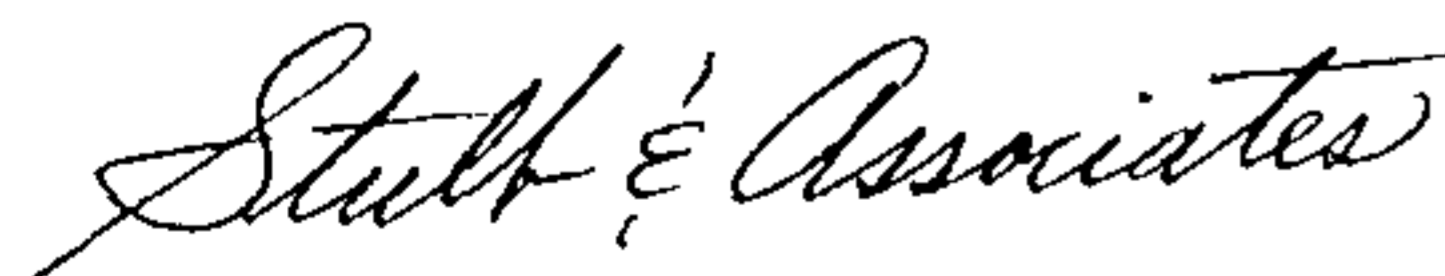
We have audited the general purpose financial statements of the Airport Authority for Airport District #1 of Calcasieu Parish, Louisiana, a component unit of Calcasieu Parish Police Jury, as of and for the year ended December 31, 1995, and have issued our report thereon dated May 1, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Authority is the responsibility of the Authority's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Authority has not complied, in all material respects, with those provisions.

This report is intended for the information of the Board of Commissioners, management, the Federal Aviation Administration and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



May 1, 1996

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE
GENERAL REQUIREMENTS APPLICABLE TO FEDERAL
FINANCIAL ASSISTANCE PROGRAMS**

Board of Commissioners
Airport Authority for Airport District #1
of Calcasieu Parish
Lake Charles, Louisiana

We have audited the general purpose financial statements of the Airport Authority for Airport District #1 of Calcasieu Parish, Louisiana, a component unit of Calcasieu Parish Police Jury, as of and for the year ended December 31, 1995, and have issued our report thereon dated May 1, 1996.

We have applied procedures to test the Authority's compliance with the following requirements applicable to its federal financial assistance programs which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended December 31, 1995: political activity, Davis-Bacon Act, civil rights, cash management, federal financial reports, allowable costs/cost principles, Drug-free Workplace Act.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Authority's compliance with the requirements listed in the preceding paragraph. Accordingly we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Authority has not complied, in all material respects, with those requirements.

This report is intended for the information of the Board of Commissioners, management, the Federal Aviation Administration and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Stulb & Associates
May 1, 1996

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH THE SPECIFIC REQUIREMENTS APPLICABLE
TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

Board of Commissioners
Airport Authority for Airport District #1
of Calcasieu Parish
Lake Charles, Louisiana

We have audited the general purpose financial statements of the Airport Authority for Airport District #1 of Calcasieu Parish, Louisiana, a component unit of Calcasieu Parish Police Jury, as of and for the year ended December 31, 1995, and have issued our report thereon dated May 1, 1996.

We have also audited the Airport Authority for Airport District #1 of Calcasieu Parish's compliance with the requirements governing types of services allowed or unallowed; matching, level of effort, or earmarking; reporting; cost allocation and claims for advances and reimbursements that are applicable to its major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance, for the year ended December 31, 1995. The management of the Authority is responsible for the Authority's compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Authority has not complied, in all material respects, with those requirements.

This report is intended for the information of the Board of Commissioners, management, the Federal Aviation Administration, and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Stult & Associates

May 1, 1996

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 1995

PRIOR AUDIT

The Airport Authority concurred with the finding sited in the prior audit and took the appropriate steps to communicate the overbilling of \$693.40 to the FAA. The Authority followed the FAA's instructions with regard to this matter.

CURRENT AUDIT

There were no findings or questioned costs.