LAFAYETTE REGIONAL AIRPORT

FINANCIAL REPORT

DECEMBER 31, 1995

C O N T E N T S

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INDEPENDENT AUDITORS' REPORT

To Lafayette Airport Commission
Lafayette Regional Airport
Lafayette, Louisiana

We have audited the accompanying financial statements of Lafayette Regional Airport, a component unit of Lafayette Parish Government, as of and for the years ended December 31, 1995 and 1994, as listed in the table of contents. These financial statements are the responsibility of the Airport's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments," and the Louisiana Governmental Audit Guide. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lafayette Regional Airport as of December 31, 1995 and 1994, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedules of expenses, nonoperating revenues (expenses), and federal financial assistance for the year or years ended December 31, 1995 and 1994, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Broussard, Poché, Lewis & Breaux

Lafayette, Louisiana
February 23, 1996

FINANCIAL STATEMENTS

LAFAYETTE REGIONAL AIRPORT

BALANCE SHEETS
December 31, 1995 and 1994

ASSETS	1995	1994
CURRENT ASSETS		
Cash, including interest-bearing deposits 1995 $248,005; 1994 $55,460	$ 502,638	$ 57,879
Investments	400,750	347,219
Accounts receivable, net	134,620	105,924
Passenger facility charge receivable	58,551	-
Ad valorem taxes receivable	654,883	630,870
Grant funds receivable	333,279	639,156
Prepaid insurance	39,295	30,749
Other receivables	-	8,410
	$ 2,124,016	$ 1,820,207
RESTRICTED ASSETS		
Cash, including interest-bearing deposits 1995 $227,207; 1994 $225,868	$ 227,207	$ 225,868
Accrued interest receivable	250	275
	$ 227,457	$ 226,143
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation and amortization 1995 $31,673,436; 1994 $30,058,709	$29,213,400	$29,839,057
OTHER ASSETS		
Bond issuance fee, net of accumulated amortization 1995 $123,880; 1994 $105,299	$ 43,316	$ 61,896
Deposits	31,413	31,413
	$ 74,729	$ 93,309
Total assets	$31,639,602	$31,978,716

See Notes to Financial Statements.

LIABILITIES AND FUND EQUITY	1995	1994
CURRENT LIABILITIES (payable from current assets):		
Accounts payable and accrued expenses	$ 165,760	$ 218,010
Assessor's pension payable	24,055	22,945
Deferred revenue	90,000	-
Deferred tax revenue	698,992	669,755
Current obligation under capital lease	65,816	60,838
	$ 1,044,623	$ 971,548
CURRENT LIABILITIES (payable from restricted assets):		
Contracts and retainage payable	$ 183,252	$ 587,619
Security and bid deposits	20,586	20,560
Current maturities of bonds payable	508,504	449,151
Advance from state	85,684	-
Accrued interest payable	32,816	39,812
	$ 830,842	$ 1,097,142
LONG-TERM LIABILITIES		
Bonds payable, less current maturities and net of unamortized bond discounts 1995 $5,300; 1994 $7,203	$ 1,608,484	$ 2,115,085
Obligation under capital lease, less current portion	552,442	618,258
Accrued compensated absences	33,041	28,125
	$ 2,193,967	$ 2,761,468
Total liabilities	$ 4,069,432	$ 4,830,158
FUND EQUITY		
Contributed capital, net of amortization 1995 $23,220,789; 1994 $22,135,623	$19,092,157	$18,797,206
Retained earnings -		
Reserved for PFC projects	112,595	-
Unreserved	8,365,418	8,351,352
Total fund equity	$27,570,170	$27,148,558
Total liabilities and fund equity	$31,639,602	$31,978,716

LAFAYETTE REGIONAL AIRPORT

STATEMENTS OF REVENUES AND EXPENSES
Years Ended December 31, 1995 and 1994

	1995	1994
Operating revenues:		
Rentals	$ 1,780,805	$ 1,745,219
Commissions	54,360	52,480
Landing fees	111,859	110,847
Parking tolls	470,601	441,330
Passenger facility charge	131,668	-
Miscellaneous	19,683	22,685
Total operating revenues	$ 2,568,976	$ 2,372,561
Operating expenses:		
Personal services	$ 485,354	$ 457,256
Supplies	21,394	23,023
Other services and charges	1,392,561	1,464,534
Depreciation and amortization	2,157,748	2,250,619
Amortization of bond issuance fees	18,580	20,762
Total operating expenses	$ 4,075,637	$ 4,216,194
Operating loss	$(1,506,661)	$(1,843,633)
Nonoperating revenues, net of expenses	548,156	322,625
Net loss	$ (958,505)	$(1,521,008)
Add depreciation on fixed assets acquired by grants restricted for capital acquisition and construction that reduces contributed capital	1,085,166	1,216,480
Increase (decrease) in retained earnings	$ 126,661	$ (304,528)

See Notes to Financial Statements.

LAFAYETTE REGIONAL AIRPORT

STATEMENTS OF FUND EQUITY
Year Ended December 31, 1995
With Comparative Totals for Year Ended December 31, 1994

	Contributed Capital	Retained Earnings - Reserved	Retained Earnings - Unreserved
Balances, beginning	$18,797,206	$ -	$ 8,351,352
Increase (decrease) in retained earnings for year	-	-	126,661
Funds received from Federal Grants	1,380,117	-	-
Net passenger facility charge revenue	-	112,595	(112,595)
Other	-	-	-
Depreciation of contributed assets	(1,085,166)	-	-
Balances, ending	$19,092,157	$ 112,595	$ 8,365,418

See Notes to Financial Statements.

Totals	
1995	1994
$27,148,558	$27,574,551
126,661	(304,528)
1,380,117	1,091,115
-	-
-	3,900
(1,085,166)	(1,216,480)
$27,570,170	$27,148,558

LAFAYETTE REGIONAL AIRPORT

STATEMENTS OF CASH FLOWS
Years Ended December 31, 1995 and 1994

	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	$(1,506,661)	$(1,843,633)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	2,176,328	2,271,381
DEQ remediation reimbursement	94,140	-
Other	(3,513)	7,720
Decrease (increase) in assets:		
Accounts receivable	(28,696)	19,987
Passenger facility charge receivable	(58,551)	-
Notes receivable	-	2,166
Other receivable	8,410	(8,410)
Prepaid insurance	(8,546)	3,825
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	33,313	31,144
Deferred income	90,000	-
Contracts and retainage payable	(404,367)	583,680
Security and bid deposits	26	75
Accrued compensated absences	5,036	(32,627)
Net cash provided by operating activities	$ 396,919	$ 1,035,308
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Distributions of ad valorem taxes received	$ 658,397	$ 612,035
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Construction grants received	$ 1,685,994	$ 460,841
Acquisition and construction of capital assets	(1,540,902)	(1,249,514)
Net change in deposits	-	352
Payments on certificates of indebtedness and long-term debt -		
Principal	(449,151)	(400,978)
Interest	(209,024)	(242,312)
Payments on obligation under capital lease -		
Principal	(60,838)	(153,592)
Interest	(52,158)	(59,796)
Net cash used in capital and related financing activities	$ (626,079)	$(1,644,999)

(Continued)

	1995	1994
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturity of investment securities	$ 347,219	$ 99,041
Purchases of investment securities	(400,750)	(439,486)
Interest received on interest-bearing deposits	41,027	20,800
Interest received on investments	25,542	9,125
Interest received on back ad valorem taxes	3,823	3,046
Net cash provided by (used in) investing activities	$ 16,861	$ (307,474)
Net increase (decrease) in cash	$ 446,098	$ (305,130)
Cash at beginning of year	283,747	588,877
Cash at end of year	$ 729,845	$ 283,747

See Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

The financial statements of Lafayette Regional Airport 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 Airport's accounting policies are described below.

Reporting entity:

Lafayette Regional Airport is a municipally-owned, non-hub airport located on U. S. Highway 90 East adjacent to the eastern city limits of the City of Lafayette. The Airport provides passenger service through three regional carriers and one national carrier.

The Airport is governed by a five member, non-elected commission. Three commission members are appointed by the City Council of the City of Lafayette, and two members are appointed by the Parish Council of the Lafayette Parish Government. The Airport is a component unit of Lafayette Parish Government.

Fund accounting:

The accounts of the Airport are organized as an enterprise fund. Enterprise funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration.

Basis of accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

All proprietary funds (including enterprise funds) are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Budgets:

Budgets are adopted on the cash basis of accounting.

Bad debts:

Allowance accounts are established for amounts due from tenants at the time it appears that the receivables are doubtful of collection.

Fixed assets:

Depreciation of all exhaustible fixed assets used by enterprise funds is charged as an expense against their operations. Accumulated depreciation is reported on enterprise fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of fixed assets are as follows:

	Years
Hangars and buildings	10 - 30
Runways and navigation aids	10 - 20
Service roads and parking	10 - 20
Other permanent improvements	10 - 20
Equipment	3 - 10
Lease purchase equipment	5

Depreciation on fixed assets acquired by grants restricted for capital acquisition and construction is accounted for as a reduction of contributed capital.

Land and other capital improvements acquired by the Airport prior to October 31, 1971 are stated at replacement cost as of that date, as historical cost information was not maintained prior to this time. At December 31, 1994 and 1993, land acquisitions which occurred prior to October 31, 1971 are stated at an estimated replacement cost of $4,864,600, which approximates $2,600 per acre. All capital improvements acquired prior to this date are fully depreciated, and, as such, have no remaining book value at the balance sheet dates. All subsequent asset purchases are stated at cost.

No asset values have been recorded for various improvements constructed by tenants at their own expense, which improvements will revert to the Airport at the expiration of the applicable leases.

Prepaid items:

Payments made to vendors for services that will benefit periods beyond year-end are recorded as prepaid items.

Restricted assets:

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Also, proceeds from grant awards are classified as restricted assets on the balance sheet because their use is limited to capital acquisition and construction. The Airport records the liability for acting as trustee for security and bid deposits and follows the practice of segregating deposit monies as restricted assets. All deposit refunds are made from deposit funds.

Compensated absences:

Employees of the Airport earn annual leave in amounts from 8 to 12 hours per month based on years of service. Annual leave may be carried forward provided the amount carried forward does not exceed two years of an employee's earned annual leave. Unused annual leave (in excess of what can be carried forward) shall be used or surrendered. Upon termination, employees are paid for all accumulated annual leave.

Sick leave is credited to all classified employees at the rate of 8 hours per month. All unused sick leave is carried forward from year to year. No payments are due for such accumulated sick leave upon termination or retirement.

Cash flows:

The Airport has adopted the provisions of Governmental Accounting Standards Board Statement No. 9, "Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting," in reporting its cash flows. For purposes of the statement of cash flows, the Airport considers all highly liquid investments, including restricted assets, with a maturity of three months or less from the date of purchase to be cash equivalents.

Note 2. Legal Compliance - Budgets

The budget is formally adopted by the commission prior to the beginning of the fiscal year, and notices of its completion and availability are published. After its adoption, adjustments to the budget must be approved by resolution. All appropriations lapse at the end of the fiscal year.

There are no budgetary comparisons since the Airport is an enterprise fund.

Note 3. Cash and Interest-bearing Deposits

At year end, the carrying amount of the Airport's cash and interest-bearing deposits was $725,211 and the bank balance was $727,496. The bank balance was entirely covered by federal depository insurance or by collateral held by the Airport's fiscal agent in the Airport's name. In addition, the Airport had cash on hand in the amount of $4,634.

Note 4. Investments

At December 31, 1995 the Airport had investments in discounted notes issued by U. S. Government Agencies. Such discounts are recognized the period in which they are realized as the amounts involved are immaterial to the basic financial statements.

Note 5. Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Parish Government in early fall and are actually billed to the taxpayers by the Assessor in October or November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. Ad valorem tax revenues are recorded as deferred revenues in the year assessed and recognized as revenues in the year following the assessment, when the majority of the taxes are actually collected.

The taxes are based on assessed values determined by the Tax Assessor of Lafayette Parish and are collected by the Lafayette Parish Sheriff. The taxes are remitted to the Airport net of a deduction for Assessor's Pension Fund contributions.

The following table summarizes information pertaining to taxes levied in 1995 and 1994:

	1995			1994
	Billed to Property Owner	State Revenue Sharing	Total	Total
Total taxes levied	$ 673,741	$ 43,059	$ 716,800	$ 685,012
Estimated uncollectible	17,808	-	17,808	15,257
Deferred tax revenue	$ 655,933	$ 43,059	$ 698,992	$ 669,755
Less collections through end of year	29,755	14,353	44,108	38,885
Taxes receivable	$ 626,178	$ 28,706	$ 654,884	$ 630,870

That portion of the ad valorem taxes dedicated to operations and maintenance of the Airport was assessed to property owners in Lafayette Parish at 1.71 mills for 1995 and 1994. On July 18, 1992, voters of Lafayette Parish approved renewal of the ad valorem tax at the rate of 1.71 mills through expiration of the tax in 2002.

Note 6. Passenger Facility Charge

During the 1995 fiscal year, the Airport submitted an application to the Federal Aviation Administration (FAA) to impose a Passenger Facility Charge (PFC) at the Lafayette Regional Airport. The FAA approved the collection and use of PFC revenues for specific projects commencing September 1, 1995. Under the terms of the agreement with the FAA, the Airport is allowed to charge a $3 PFC per passenger, less an 8¢ collection charge from the airline, to generate net cumulative revenues of $1,646,300. The FAA anticipates a forty-nine month duration for PFC collections to reach this level, and as a result, has set expiration for collection of the charge at October 1, 1999.

The use of these revenues are restricted by FAA for specific approved projects in the approved amount of $1,031,900. Additional projects to be funded by uncommitted PFC revenues will require FAA approval. The Airport has reserved a portion of its retained earnings for undisbursed PFC revenues. Through December 31, 1995, the Airport used $19,073 of PFC funds to reimburse costs associated with development, coordination and implementation of the PFC program.

Note 7. Grant Funds Receivable

The Airport is in the process of performing various airfield improvement projects with the assistance of federal and state funds. During the year ended December 31, 1995, outstanding grant awards totaled $4,334,212, of which $2,459,074 had been earned by the grantee. Grant funds receivable at December 31, 1995 and 1994 consisted of the following federal and state grants:

	1995	1994
LA DOTD 928-01-0011, 928-01-0018	$ 47,165	$ 107,666
LA DOTD 928-01-0013,14,15,16,17	16,196	170
AIP Project 13	-	1,129
AIP Project 14	-	(539)
AIP Project 15	29,571	529,203
AIP Project 16	240,347	1,527
	$ 333,279	$ 639,156

NOTES TO FINANCIAL STATEMENTS

Note 8. Restricted Assets

The composition of restricted assets was as follows at December 31, 1995 and 1994:

	1995	1994
Interest-bearing deposits:		
Construction funds	$ 53,167	$ 62,846
Security deposit funds	20,586	20,642
Bond sinking funds	153,454	142,380
	$ 227,207	$ 225,868

Note 9. Property, Plant and Equipment

The following is a summary of property, plant and equipment at December 31, 1995 and 1994:

	1995	1994
Hangars and buildings	$ 13,940,449	$ 13,932,249
Runways and navigation aids	26,335,997	24,068,124
Service roads and parking	2,374,233	2,374,233
Other permanent improvements	8,519,489	9,046,502
Equipment	2,553,617	2,441,639
Furniture and fixtures	1,347,112	1,345,782
	$ 55,070,897	$ 53,208,529
Less accumulated depreciation and amortization	31,673,436	30,058,709
	$ 23,397,461	$ 23,149,820
Land	5,521,116	5,521,116
Construction work in progress	294,823	1,168,121
Net property, plant and equipment	$ 29,213,400	$ 29,839,057

Property, plant and equipment include equipment acquired under a capital lease of $1,578,937 and $1,578,937 at December 31, 1995 and 1994, respectively; included in accumulated depreciation and amortization is $842,972 and $817,149 at December 31, 1995 and 1994, respectively.

Depreciation and amortization expense for the years 1995 and 1994 was $2,157,748 and $2,250,619, respectively.

Ongoing construction of aviation facilities is accounted for in the construction work in progress account until completion, at which time the assets are transferred to appropriate plant and equipment accounts. The status of construction in progress at December 31, 1995 was as follows:

	Authorized	Costs Incurred	Unexpended Balance
Airport improvement programs (AIP 15 and 16)	$ 2,142,002	$ 282,106	$ 1,859,896
Other construction related projects	31,412	12,717	18,695
	$ 2,173,414	$ 294,823	$ 1,878,591

The Airport improvement programs noted above are being funded through the Grant Assisted Development Funds (See Note 6).

Note 10. Long-term Debt

The Airport issued certificates of indebtedness and notes payable to provide funds for the construction of major capital facilities.

Certificates of Indebtedness secured by a pledge of lease agreements between the Commission and individual tenants for whom facilities were constructed are comprised of the following individual issues at December 31, 1995:

10% Certificates of Indebtedness, issued March 1, 1982 in the original amount of $325,000 for Jay Menard Hangar, due in annual installments of $5,000 to $60,000 plus semi-annual interest payments, final maturity March 1, 1997	$ 115,000
10% Certificate of Indebtedness, issued April 30, 1992 in the amount of $305,000 for the State of Louisiana through the State Board of Education and the Lafayette Regional Technical Institute to refund 8% Certificates of Indebtedness on Chart House, Inc. Hanger #1, due in monthly installments of $3,500 to $5,000 including interest payments, final maturity November 1, 2000	232,288
	$ 347,288

Note 10. Long-term Debt (Continued)

Certificates of indebtedness secured by a pledge of net revenues excluding certain provisions as detailed in the bond indenture are comprised of the following individual issues at December 31, 1995:

7.8% Certificates of Indebtedness, issued June 1, 1991 in the original amount of $1,095,000 to refund 11.75% Certificates of Indebtedness incurred on the Cypress Aviation Facility, due in annual installments of $90,000 to $200,000 plus semi-annual interest payments, final maturity November 1, 1997	$ 375,000
7.95% Certificates of Indebtedness, issued June 1, 1991 in the original amount of $2,400,000 for renovation of the Airport's Terminal Building, due in annual installments of $170,000 to $320,000 plus semi-annual interest payments, final maturity May 1, 2000	1,400,000
Less unamortized issue discount	(5,300)
	$ 1,769,700

Total bonds outstanding, net of unamortized discount	$ 2,116,988
Less current maturities	508,504
Net long-term portion	$ 1,608,484

During the year ended December 31, 1995, the following changes occurred in long-term liabilities:

	Certificates of Indebtedness
Balances, beginning	$ 2,571,438
Debt retired	(449,151)
Balances, ending	$ 2,122,287

Note 10. Long-term Debt (Continued)

The annual requirements to amortize all debts outstanding at December 31, 1995, including interest payments of $456,393, are as follows:

Year Ending December 31,	Certificates of Indebtedness
1996	$ 679,300
1997	690,820
1998	411,550
1999	409,290
2000	387,720
	$ 2,578,680

Note 11. Capital Leases

During 1987, the Airport entered into a lease agreement for terminal equipment. The lease is for a noncancelable lease term of seven years without renewal options. Additionally, the Airport entered into a lease agreement during 1993 for the construction of an above ground fuel farm. The lease is for a noncancelable term of ten years without renewable options. Both leases have been recorded as capital leases in accordance with Financial Accounting Standards Board Statement No. 13.

The following is a schedule, by years, of the future minimum lease payments under the capital leases and the present value of the net minimum lease payments as of December 31, 1995:

1996	$ 112,996
1997	112,996
1998	112,996
1999	112,996
2000	112,996
2001-2003	254,241
Total minimum lease payments	$ 819,221
Less amounts representing interest	200,963
Present value of net minimum lease payments	$ 618,258
Less obligation under capital leases - current portion	65,816
Obligation under capital leases, long-term	$ 552,442

Note 12. Compensated Absences

The Airport maintains a policy that all employees may accrue unused annual leave earned to future periods. This policy resulted in an accrual for compensated absences of $33,041 and $28,125 at December 31, 1995 and 1994, respectively.

At December 31, 1995 and 1994, employees of the Airport had earned sick pay benefits of $42,798 and $36,693, respectively. No payments are due for such accumulated sick leave upon termination or retirement. Therefore, no amount due for these benefits has been recorded in the financial statements.

Note 13. Rental Income

Rentals for the years ended December 31, 1995 and 1994 consisted of proceeds of leases for the following:

	1995	1994
Land	$ 122,699	$ 136,582
Hangars	309,812	300,187
Terminal	738,538	717,203
Other buildings	609,756	591,247
	$ 1,780,805	$ 1,745,219

Note 14. Defined Benefit Pension Plan

All permanent employees of Lafayette Regional Airport participate in the Parochial Employees' Retirement System (PERS) of Louisiana, a multiple-employer, cost-sharing public employee retirement system. The payroll for Airport employees covered by the System for the year ended December 31, 1995 was $370,274; the total Airport payroll was $377,377.

All permanent Airport employees who work at least 28 hours a week and are under 60 years of age are members of the plan. Airport commissioners may enroll at their option. Members of the plan may retire with thirty years of creditable service regardless of age, with twenty-five years of service at age 55, and with ten years of service at age 60.

Benefit rates are one percent of final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) plus $2.00 per month for each year of service credited prior to January 1, 1980, and three percent of final compensation for each year of service after January 1, 1980.

The System also provides disability and survivor benefits. Benefits are established by State statute.

Covered employees are required to contribute 9.50% of their earnings to the plan; the Airport contributes 8.00%. The total contribution for the year was $64,798, which consisted of $29,622 from the Airport and $35,176 from its employees. Contributions are also established by State statute.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers.

The System does not make separate measurements of assets and pension benefit obligation for individual employers. The pension benefit obligation at December 31, 1994, the most recent report available for the PERS Plan A as a whole, determined through an actuarial valuation performed as of that date, was $691,858,596. The PERS Plan A net assets available for benefit on that date (valued at cost or amortized cost) were $597,625,304, resulting in an unfunded pension benefit obligation of $94,233,292. The Airport's contribution represented approximately .14% of total contributions required of all participating employers.

Note 15. Commissioners' Compensation

No per diem or other compensation was paid to members of the Lafayette Airport Commission for the years ended December 31, 1995 and 1994.

Note 16. Contingencies

The Lafayette Airport Commission is the defendant in two lawsuits for personal injuries arising out of workers compensation-related claims. It is anticipated that any judgements against the Airport in these actions will be covered by insurance.

Note 17. Noncash Financing Activities

In connection with the purchase of a telephone system during fiscal year 1994, the Airport traded in a telephone system with a book value of $29,332.

During fiscal year 1995, the Airport removed and replaced their old fuel farm which had a book value of $8,811.

LAFAYETTE REGIONAL AIRPORT

SCHEDULES OF EXPENSES
Year Ended December 31, 1995
With Comparative Totals For Year Ended December 31, 1994

	Adminis- trative	General Maintenance
Personal services:		
Salaries	$ 191,394	$ 182,839
Vacation pay	2,458	2,458
Group insurance	39,996	35,586
Retirement contributions	14,743	14,879
Accrued compensation time	60	60
Unemployment compensation	-	881
Total personal services	$ 248,651	$ 236,703
Supplies:		
Office supplies	$ 18,671	$ -
Operating supplies	2,723	-
Total supplies	$ 21,394	$ -0-
Other services and charges:		
Advertising	$ 2,479	$ -
Dues and publications	4,285	-
Fuel and oil	2,751	6,541
Fly Lafayette campaign	32,455	-
Insurance	34,455	47,098
Miscellaneous	2,491	-
Terminal building equipment contract	-	-
Professional fees	54,850	-
Passenger facility charge start-up costs	19,073	-
Repairs and maintenance	4,825	142,715
Telephone	14,840	2,119
Training	1,925	-
Travel	30,011	-
Uniforms	600	2,501
Utilities	-	196,869
Obstruction clearing	-	32,964
Contractual services:		
Janitorial	-	-
Aircraft rescue and fire fighting	-	-
Security	-	-
Parking lot management	-	-
I.D. card system	1,568	-
Fuel tank maintenance plan	-	9,338
Total other services and charges	$ 206,608	$ 440,145

Contractual Services	Totals 1995	Totals 1994
$ -	$ 374,233	$ 394,425
-	4,916	(31,125)
-	75,582	57,480
-	29,622	30,900
-	120	(633)
-	881	6,209
$ -0-	$ 485,354	$ 457,256
$ -	$ 18,671	$ 17,023
-	2,723	6,000
$ -0-	$ 21,394	$ 23,023
$ -	$ 2,479	$ 2,064
-	4,285	3,664
-	9,292	11,140
-	32,455	32,957
-	81,553	82,381
-	2,491	3,793
22,923	22,923	23,219
-	54,850	80,277
-	19,073	-
34,008	181,548	161,448
-	16,959	24,143
-	1,925	675
-	30,011	30,875
-	3,101	2,820
-	196,869	203,945
-	32,964	11,710
84,300	84,300	94,099
259,886	259,886	250,857
213,765	213,765	178,950
130,926	130,926	126,637
-	1,568	2,025
-	9,338	136,855
$ 745,808	$ 1,392,561	$ 1,464,534

LAFAYETTE REGIONAL AIRPORT

SCHEDULES OF NONOPERATING REVENUES (EXPENSES)
Years Ended December 31, 1995 and 1994

	1995	1994
State revenue sharing	$ 43,670	$ 41,888
Operations and maintenance tax	632,448	565,742
Interest revenue	71,368	39,903
DEQ remediation reimbursement	94,140	-
Interest expense	(256,090)	(297,279)
Assessor's pension	(24,055)	(22,945)
Escrow charges	(6,102)	(5,400)
Gain (loss) on disposal of equipment	(7,223)	716
	$ 548,156	$ 322,625

LAFAYETTE REGIONAL AIRPORT

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
Year Ended December 31, 1995

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal Assistance I.D. Number
U.S. Department of Transportation		
Direct Programs:		
Airport Improvement Program	20.106	3-22-0025-15
	20.106	3-22-0025-16
Total U.S. Department of Transportation		
State of Louisiana, Department of Transportation and Development		
Office of Aviation and Public Transportation		LA DOTD 928-01-0011,0018
		LA DOTD 928-01-0013,0014, 0015,0016,0017
Total State of Louisiana, Department of Transportation and Development		
Total Airport Improvement Programs		

Program or Award Amount	Earned Current Year	Total Earned	Expenditures Current Year
$ 2,012,255	$ 1,003,921	$ 1,973,709	$ 1,003,921
1,888,535	239,074	240,347	239,074
$ 3,900,790	$ 1,242,995	$ 2,214,056	$ 1,242,995
$ 223,584	$ 111,547	$ 219,301	$ 111,547
209,838	25,575	25,717	25,575
$ 433,422	$ 137,122	$ 245,018	$ 137,122
$ 4,334,212	$ 1,380,117	$ 2,459,074	$ 1,380,117

COMPLIANCE AND OTHER GRANT INFORMATION

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To Lafayette Airport Commission
Lafayette Regional Airport
Lafayette, Louisiana

We have audited the financial statements of Lafayette Regional Airport, a component unit of Lafayette Parish Government, as of and for the year ended December 31, 1995, and have issued our report thereon dated February 23, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments," and the Louisiana Governmental Audit Guide. 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 Lafayette Regional Airport is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments 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 the 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 financial statements of Lafayette Regional Airport 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 relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 condition in which the design or operation of one or more of the 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 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 Lafayette Airport Commission, management, all applicable federal agencies, and those other governments from which federal financial assistance and any other financial assistance was received. However, this report is a matter of public record and its distribution is not limited.

Broussard, Poche', Lewis & Breaux

Lafayette, Louisiana
February 23, 1996

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

To Lafayette Airport Commission
Lafayette Regional Airport
Lafayette, Louisiana

We have audited the financial statements of Lafayette Regional Airport, a component unit of Lafayette Parish Government, as of and for the year ended December 31, 1995, and have issued our report thereon dated February 23, 1996. We have also audited the compliance of Lafayette Regional Airport with requirements applicable to major federal financial assistance programs and have issued our report thereon dated February 23, 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 Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether Lafayette Regional Airport complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended December 31, 1995, we considered the internal control structure of Lafayette Regional Airport, in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements of Lafayette Regional Airport, and on the compliance of Lafayette Regional Airport, 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 financial statements in a separate report dated February 23, 1996.

The management of Lafayette Regional Airport is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments 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, 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, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the 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
- Davis-Bacon Act
- Civil rights
- Cash management
- Allowable costs/cost principles
- Drug-free Workplace Act
- Administrative requirements
- Federal financial reports

Specific requirements:
- Types of services allowed or unallowed
- Matching, level of effort, or earmarking
- Reporting
- Special requirements

Claims for advances and reimbursements

Amounts claimed or used for matching

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 control risk.

During the year ended December 31, 1995, Lafayette Regional Airport expended 100 percent of its total federal financial assistance under the following major federal financial assistance program:

Department of Transportation: Airport Improvement Program

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 have 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 aforementioned major federal financial assistance program 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.

We noted a certain matter involving the internal control structure and its operation that we consider to be reportable under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect Lafayette Regional Airport's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

Davis-Bacon Act

Finding:

During the 1995 fiscal year, the Airport bid a parking lot reconstruction project that was to be funded with local funds. When bids were opened, the lowest bid was almost double the cost estimate for the project. Subsequently, federal funds were obtained to provide the additional funding necessary to perform the project. However, the original bid specifications for the project did not have provisions for Davis-Bacon compliance. Rather than rebid the project, the Airport entered into a contract without provisions to mandate federal wage rates and project monitoring for compliance therewith which would be required because of partial federal financial assistance. The Airport was able to obtain certified payroll data from the contractor and subcontractors on the project. For the year ended December 31, 1995 the determination was made that all of the contractor's and subcontractor's employees working on the project had been paid at rates equal to or greater than those established by applicable federal guidelines. Therefore, there are no questioned costs on this project in the 1995 fiscal year.

Recommendation:

The Airport should establish guidelines to ensure that all construction projects receiving federal funds are monitored for compliance with the Davis-Bacon Act.

Grantee's Response:

We concur with the recommendation. Because of the urgency of the project and the time delays brought on in rebidding the project, in addition to possible cost escalation in new contract bids plus the cost of readvertising, deterred our decision to rewrite the contract specifications for federal wage rates and rebid the project. All future projects receiving federal funds will be monitored for compliance with the Davis-Bacon Act as we have always done on federally funded AIP projects.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described above is not a material weakness.

This report is intended for the information of the Lafayette Airport Commission, management, all applicable federal agencies, and those other governments from which federal financial assistance and any other financial assistance was received. However, this report is a matter of public record and its distribution is not limited.

Broussard, Poche', Lewis & Breaux

Lafayette, Louisiana
February 23, 1996

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To Lafayette Airport Commission
Lafayette Regional Airport
Lafayette, Louisiana

We have audited the financial statements of Lafayette Regional Airport, a component unit of Lafayette Parish Government, as of and for the year ended December 31, 1995, and have issued our report thereon dated February 23, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments," and the Louisiana Governmental Audit Guide. 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.

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

The results of our test disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Lafayette Airport Commission, management, all applicable federal agencies, and those other governments from which federal financial assistance and any other financial assistance was received. However, this report is a matter of public record and its distribution is not limited.

Broussard, Poché, Lewis & Breaux

Lafayette, Louisiana
February 23, 1996

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

To Lafayette Airport Commission
Lafayette Regional Airport
Lafayette, Louisiana

We have audited the financial statements of Lafayette Regional Airport, a component unit of Lafayette Parish Government, as of and for the year ended December 31, 1995, and have issued our report thereon dated February 23, 1996.

We have applied procedures to test Lafayette Regional Airport's compliance with the following requirements applicable to its federal financial assistance program, which is identified in the 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
Administrative requirements

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 Lafayette Regional Airport'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 those 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 Lafayette Regional Airport had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed an immaterial instance of non-compliance with those requirements, which is described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for information of the Lafayette Airport Commission, management, all applicable federal agencies, and those other governments from which federal financial assistance and any other financial assistance was received. However, this report is a matter of public record and its distribution is not limited.

Broussard, Poche', Lewis & Breaux

Lafayette, Louisiana
February 23, 1996

LAFAYETTE REGIONAL AIRPORT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 1995

Program	Finding	Questioned Costs
Rehabilitation of Non-Revenue Producing Parking AIP 3-22-0025-16	During the 1995 fiscal year, the Airport bid a parking lot reconstruction project that was to be funded with local funds. When bids were opened, the lowest bid was almost double the cost estimate for the project. Subsequently, federal funds were obtained to provide the additional funding necessary to perform the project. However, the original bid specifications for the project did not have provisions for Davis-Bacon compliance. Rather than rebid the project, the Airport entered into a contract without provisions to mandate federal wage rates and project monitoring for compliance therewith which would be required because of partial federal financial assistance. The Airport was able to obtain certified payroll data from the contractor and subcontractors on the project. For the year ended December 31, 1995 the determination was made that all of the contractor's and subcontractor's employees working on the project had been paid at rates equal to or greater than those established by applicable federal guidelines. Therefore, there are no questioned costs on this project in the 1995 fiscal year.	$ -0-

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

To Lafayette Airport Commission
Lafayette Regional Airport
Lafayette, Louisiana

We have audited the financial statements of Lafayette Regional Airport, a component unit of Lafayette Parish Government, as of and for the year ended December 31, 1995, and have issued our report thereon dated February 23, 1996.

We have also audited Lafayette Regional Airport's compliance with the requirements governing types of services allowed or unallowed; matching, level of effort, or ear markings; reporting; claims for advances and reimbursements; amounts claimed or used for matching; and certain special requirements 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 Lafayette Regional Airport is responsible for the Airport's compliance with those requirements. Our responsibility is to express an opinion on 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 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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Airport's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures did not disclose any immaterial instances of noncompliance with the requirements referred to above.

In our opinion, Lafayette Regional Airport complied, in all material respects, with the requirements governing types of services allowed or unallowed; matching, level of effort, or ear markings; reporting; claims for advances and reimbursements; amounts claimed or used for matching and certain special requirements that are applicable to its major federal financial assistance program for the year ended December 31, 1995.

This report is intended for information of the Lafayette Airport Commission, management, all applicable federal agencies, and those other governments from which federal financial assistance and any other financial assistance was received. However, this report is a matter of public record and its distribution is not limited.

Broussard, Poche', Lewis & Breaux

Lafayette, Louisiana
February 23, 1996