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LEGISLATIVE AUDITOR
John A. Windham, CPA
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To the Board of Commissioners
Airport District No. 1 of the Parish of Beauregard
Beauregard Parish Police Jury
DeRidder, Louisiana

In planning and performing my audit of the general purpose financial statements of Airport District No. 1 of the Parish of Beauregard, a component unit of the Beauregard Parish Police Jury, for the year ended December 31, 1995. I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control structure. However, I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect Airport District No. 1 of the Parish of Beauregard's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Airport Operations

Finding

It was noted during the audit that the monthly bookkeeping and many of the day to day operations of the Airport are handled by the Beauregard Parish Police Jury at their central office. In some instances this led to inefficiencies in the Airport's operations through misunderstandings and a lack of communication between the Airport and the Police Jury. The Airport is an Enterprise Fund and transactions such as construction and equipment acquisitions are being recorded in the financial statements as if the Airport were a Governmental Fund.

Recommendation

I recommend that the Police Jury and Airport discuss which bookkeeping functions would be better handled at the Airport's office and move these operations to the Airport.

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

Management would like to discuss with the Police Jury the option of moving the Airport's monthly bookkeeping and day to day operations which would be better handled by the Airport to their offices.

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 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.

My consideration of the internal control structure 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, none of the reportable conditions described above is believed to be a material weakness.

This report is intended solely for the information and use of the Board of Commissioners, management, and the Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

John A. Windham, CPA
DeRidder, Louisiana
June 12, 1996

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

COMPONENT UNIT FINANCIAL STATEMENTS
For the Year Ended December 31, 1995

C O N T E N T S

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

COMPONENT UNIT FINANCIAL STATEMENTS
For the Year Ended December 31, 1995

C O N T E N T S

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying general purpose financial statements of Airport District No. 1 of the Parish of Beauregard, a component unit of the Beauregard Parish Police Jury, as of and for the year ended December 31, 1995, as listed in the table of contents. These general purpose financial statements are the responsibility of Airport District No. 1 of the Parish of Beauregard, management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards; 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 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Airport District No. 1 of the Parish of Beauregard, as of December 31, 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.

To the Board of Commissioners
Airport District No. 1 of the Parish of Beauregard
Beauregard Parish Police Jury
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In accordance with GOVERNMENT AUDITING STANDARDS, I have also issued a report dated June 12, 1996 on my consideration of Airport District No. 1 of the Parish of Beauregard's internal control structure and a report dated June 12, 1996 on its compliance with laws and regulations.

John A. Windham, CPA
DeRidder, Louisiana
June 12, 1996

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

BALANCE SHEET
 December 31, 1995

ASSETS

Current assets:

Cash	\$ 177,417
Accounts receivable	8,624
Grants receivable	51,123
Inventory	25,154
Total current assets	<u>\$ 262,318</u>

Fixed assets:

Property, plant, and equipment - net	\$ 3,389,119
Construction in progress	455,271
Total fixed assets	<u>\$ 3,844,390</u>

Total assets \$ 4,106,708

LIABILITIES AND FUND EQUITY

Current liabilities:

Accounts payable	\$ 4,592
Contracts payable	103,235
Accrued compensated absences	9,458
Current portion of notes payable	6,610
Total current liabilities	<u>\$ 123,895</u>

Long Term Liabilities:

Notes payable	\$ 57,423
Less: current portion	<u>(6,610)</u>
Total long term liabilities	<u>\$ 50,813</u>

Total liabilities \$ 174,708

Fund equity:

Contributed capital	\$ 4,644,682
Retained earnings (deficit) - unreserved	<u>(712,682)</u>
Total fund equity	<u>\$ 3,932,000</u>

Total liabilities and fund equity \$ 4,106,708

The accompanying notes are an integral part of this statement

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

STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS
 For the Year Ended December 31, 1995

Operating revenues:	
Fuel and oil sales	\$ 159,379
Agricultural leases	27,129
Timber sales	141,534
Hangar and other rentals	45,055
Miscellaneous	<u>330</u>
Total operating revenues	<u>\$ 373,427</u>
Operating expenses:	
Salaries and related benefits	\$ 102,467
Purchases of fuel and oil	96,551
Office supplies	10,334
Repairs and maintenance	28,790
Utilities and communications	23,159
Depreciation	128,335
Timber maintenance	15,414
Professional services	5,550
Insurance	8,463
Taxes	7,624
Small tools	1,378
Contract labor	411
Seminar expense	1,230
Miscellaneous	<u>3,128</u>
Total operating expenses	<u>\$ 432,834</u>
Operating loss	<u>\$ (59,407)</u>
Non-operating revenues (expenses):	
Interest income	\$ 5,828
Interest expense	(4,479)
Loss on disposal of assets	<u>(22,071)</u>
Total non-operating revenues (expenses)	<u>\$ (20,722)</u>
Net loss	\$ (80,129)
Retained earnings (deficit), beginning of year	(636,567)
Prior period adjustment	<u>4,014</u>
Retained earnings (deficit), end of year	<u>\$ (712,682)</u>

The accompanying notes are an integral part of this statement

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

STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 1995

Cash flows from operating activities:	
Cash received from customers	\$ 373,046
Cash payments to suppliers for goods and services	(219,536)
Cash payments to employees for services	<u>(94,978)</u>
Net cash provided by operating activities	<u>\$ 58,532</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	\$ (496,938)
Contributed capital received	551,635
Principal paid on note payable	(6,143)
Interest paid on note payable	(4,479)
Grants received	<u>(51,123)</u>
Net cash used for capital and related financing activities	<u>\$ (7,048)</u>
Cash flows from investing activities:	
Interest on cash management activities	<u>\$ 5,828</u>
Net increase in cash and cash equivalents	\$ 57,312
Cash and cash equivalents, beginning of year	<u>120,105</u>
Cash and cash equivalents, end of year	<u>\$ 177,417</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	<u>\$ (59,407)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	\$ 128,335
Changes in assets and liabilities:	
Increase in accounts receivable	(381)
Increase in inventory	(3,206)
Decrease in accounts payable	(14,298)
Increase in accrued compensated absences	<u>7,489</u>
Total adjustments	<u>\$ 117,939</u>
Net cash provided by operating activities	<u>\$ 58,532</u>

The accompanying notes are an integral part of this statement

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

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 1995

INTRODUCTION

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

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

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

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

Notes to the Financial Statements

determining financial accountability. This criteria includes:

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

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

C. FUND ACCOUNTING

Airport District No. 1 of the Parish of Beauregard is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and

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

Notes to the Financial Statements (Continued)

a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Substantially all revenues are recognized when earned and all expenses are recognized at the time liabilities are incurred.

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the airport district may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

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

F. INVENTORIES

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

G. FIXED ASSETS

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

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

Notes to the Financial Statements (Continued)

H. COMPENSATED ABSENCES

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

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

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

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

I. FUND EQUITY

Contributed Capital

Grants, entitlements, or shared revenues received that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. The estimated fair value of donated capital assets are recorded as contributed capital. Contributed capital is not amortized.

2. CASH AND CASH EQUIVALENTS

At December 31, 1995, the airport district has cash and cash equivalents (book balances) totaling \$177,417, as follows:

Petty cash	\$ 400
Money market accounts	<u>177,017</u>
Total	<u>\$ 177,417</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1995, the

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

Notes to the Financial Statements (Continued)

airport district has \$177,017 in deposits (collected bank balances). These deposits are secured from risk by \$177,017 of federal deposit insurance.

3. FIXED ASSETS

A summary of fixed assets at December 31, 1995, follows:

	Useful Life	Estimated or Actual Cost	Accumulated Depreciation	Net
Land	---	\$ 162,259	\$ ---	\$ 162,259
Buildings	40 yrs	457,567	91,498	366,069
Improvements	40 yrs	3,577,626	888,872	2,688,754
Machinery and equipment	10 yrs	310,308	138,271	172,037
Totals		<u>\$4,507,760</u>	<u>\$ 1,118,641</u>	<u>\$3,389,119</u>

4. PENSION PLAN

Substantially all employees of Airport District No. 1 of the Parish of Beauregard are members of the Parochial Employees Retirement System of Louisiana (System), a multiple-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. All employees of the airport district are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to one per cent of final-average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

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

Notes to the Financial Statements (Continued)

Contributions to the System include one-fourth of one per cent 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 to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The following provides certain disclosures for the airport district and the retirement system that are required by GASB Codification Section P20.129:

Year Ended December 31, 1995

<u>Airport District No. 1 of the Parish of Beauregard</u>	Plan A	
Total current-year payroll	\$	71,864
Total current-year covered payroll	\$	56,775
Contributions: Required by statute:		
Employees	\$ 9.50%	\$ 5,394
Employer	\$ 8.25%	4,684
Total	\$ 18.25%	\$ 10,078
Actual:		
Employees	\$ 9.50%	\$ 5,394
Employer	\$ 8.25%	4,684
Total	\$ 18.25%	\$ 10,078

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's December 31, 1995, comprehensive annual financial report. The airport district does not guarantee the benefits granted by the System.

5. COMPENSATED ABSENCES

At December 31, 1995, employees of the airport district have accumulated and vested \$9,458 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

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

Notes to the Financial Statements (Continued)

6. NOTE PAYABLE

A promissory note from First National Bank of Lake Charles was obtained on October 28, 1993. This note is payable over 10 years at 7.25% interest. The debt is secured by a pledge and dedication of excess revenues of the Airport District, above statutory, necessary and usual charges. Approval to incur this debt by the State Bond Commission was granted on April 16, 1992.

The following is a summary of the note payable transactions during the year:

Note payable at	
December 31, 1994	\$63,566
Additions	---
Deductions	<u>(6,143)</u>
Note payable at	
December 31, 1995	<u>\$57,423</u>

The annual requirement to pay this note is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1996	\$ 6,610	\$ 4,012	\$ 10,622
1997	7,114	3,508	10,622
1998	7,657	2,965	10,622
1999	8,241	2,381	10,622
2000	8,869	1,753	10,622
2001	9,545	1,077	10,622
2002	9,387	349	9,736
Totals	<u>\$ 57,423</u>	<u>\$ 16,045</u>	<u>\$ 73,468</u>

7. ENTERPRISE FUND RETAINED DEFICIT

The retained deficit of the Enterprise Fund, amounting to \$712,682, arises because of the application of generally accepted accounting principles of financial reporting for such funds. Depreciation, a non-cash expense, contributes to the deficit. Even though the retained deficit exists, the Enterprise Fund had an overall fund equity of \$3,932,000 at December 31, 1995. The Board of Commissioners will raise user fees to reduce the retained deficit, when needed.

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

Notes to the Financial Statements (Continued)

8. PRIOR PERIOD ADJUSTMENT

The fence and lighting construction project began in December 1994. Three checks totalling \$4,014 were paid during 1994 and expensed. In order to keep up with all cost associated with the project these three checks had to be added to construction in progress during the current year thus creating a prior period adjustment.

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

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

I have audited the general purpose financial statements of Airport District No. 1 of the Parish of Beauregard, a component unit of the Beauregard Parish Police Jury, as of and for the year ended December 31, 1995, and have issued my report thereon dated June 12, 1996.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of Airport District No. 1 of the Parish of Beauregard, 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 general purpose 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.

To the Board of Commissioners
Airport District No. 1 of the Parish of Beauregard
Beauregard Parish Police Jury
DeRidder, Louisiana
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In planning and performing my audit of the general purpose financial statements of Airport District No. 1 of the Parish of Beauregard, for the year ended December 31, 1995, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

My 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 and 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. I noted no matters involving the internal control structure, and its operation that I consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of Airport District No. 1 of the Parish of Beauregard in a separate letter dated June 12, 1996.

This report is intended for the information of the Board of Commissioners, management, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

John A. Windham, CPA

DeRidder, Louisiana
June 12, 1996

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

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

I have audited the general purpose financial statements of Airport District No. 1 of the Parish of Beauregard, a component unit of the Beauregard Parish Police Jury, as of and for the year ended December 31, 1995, and have issued my report thereon dated June 12, 1996.

I conducted my 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 I 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 Airport District No. 1 of the Parish of Beauregard, is the responsibility of Airport District No. 1 of the Parish of Beauregard's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Airport District No. 1 of the Parish of Beauregard's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under GOVERNMENT AUDITING STANDARDS.

To the Board of Commissioners
Airport District No. 1 of the Parish of Beauregard
Beauregard Parish Police Jury
DeRidder, Louisiana
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This report is intended for the information of the Board of Commissioners, management, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

John A. Windham, CPA
DeRidder, Louisiana
June 12, 1996

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INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

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

I have audited the general purpose financial statements of Airport District No. 1 of the Parish of Beauregard, a component unit of the Beauregard Parish Police Jury, as of and for the year ended December 31, 1995, and have issued my report thereon dated June 12, 1996. These general purpose financial statements are the responsibility of Airport District No. 1 of the Parish of Beauregard's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, 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 I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements of Airport District No. 1 of the Parish of Beauregard, 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 general purpose financial statements. The information in that schedule

To the Board of Commissioners
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Beauregard Parish Police Jury
DeRidder, Louisiana
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has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

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June 12, 1996

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INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

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

I have audited the general purpose financial statements of Airport District No. 1 of the Parish of Beauregard, a component unit of the Beauregard Parish Police Jury, as of and for the year ended December 31, 1995, and have issued my report thereon dated June 12, 1996. These general purpose financial statements are the responsibility of Airport District No. 1 of the Parish of Beauregard's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, 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 I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements of Airport District No. 1 of the Parish of Beauregard, 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 general purpose financial statements. The information in that schedule

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

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

I have audited the general purpose financial statements of Airport District No. 1 of the Parish of Beauregard, a component unit of the Beauregard Parish Police Jury, as of and for the year ended December 31, 1995, and have issued my report thereon dated June 12, 1996. I have also audited the compliance of Airport District No. 1 of the Parish of Beauregard, with requirements applicable to major federal financial assistance programs and have issued my report thereon dated June 12, 1996.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether Airport District No. 1 of the Parish of Beauregard, complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing my audits for the year ended December 31, 1995, I considered the internal control structure of Airport District No. 1 of the Parish of Beauregard, in order to determine my auditing procedures for the purpose of expressing my opinions on the general purpose financial statements of Airport District No. 1 of the Parish of Beauregard, and on the compliance of Airport District No. 1 of the Parish of Beauregard, with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. I have addressed internal control structure policies and procedures relevant to my audit of the general purpose financial statements in a separate report dated June 12, 1996.

To the Board of Commissioners
Airport District No. 1 of the Parish of Beauregard
Beauregard Parish Police Jury
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The management of Airport District No. 1 of the Parish of Beauregard, 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 general purpose 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, I have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs into the following categories:

Activity Cycles

- Revenue/receipts
- Purchases/disbursements
- Payroll/personnel

Financial Statement Captions

- Cash
- Receivables
- Property and equipment
- Debt
- Retained Earnings

Accounting Applications

- Cash receipts
- Purchasing and receiving
- Payroll
- Property and equipment

To the Board of Commissioners
Airport District No. 1 of the Parish of Beauregard
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General requirements

- Political activity
- Davis-Bacon act
- Civil rights
- Cash management
- Federal financial reports
- Allowable cost/cost principles
- Drug Free Workplace Act
- Administrative requirements

Specific requirements

- Types of services
- Matching level of effort, and or earmarking
- Special reporting requirements
- Special test and provisions

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

During the year ended December 31, 1995, Airport District No. 1 of the Parish of Beauregard, expended 100% of its total federal financial assistance under the major federal financial assistance programs.

I 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 I 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 each of Airport District No. 1 of the Parish of Beauregard's major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

My 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 constitute 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 internal control

To the Board of Commissioners
Airport District No. 1 of the Parish of Beauregard
Beauregard Parish Police Jury
DeRidder, Louisiana
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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. I noted no matters involving the internal control structure and its operations that I consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Commissioners, management and the Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

John Q. Windham, CPA
DeRidder, Louisiana
June 12, 1996

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

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

I have audited the general purpose financial statements of Airport District No. 1 of the Parish of Beauregard, a component unit of the Beauregard Parish Police Jury, as of and for the year ended December 31, 1995, and have issued my report thereon dated June 12, 1996.

I have applied procedures to test Airport District No. 1 of the Parish of Beauregard's compliance with the following requirements applicable to its federal financial assistance programs, which are 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
- Drug Free Workplace Act
- Administrative requirements

My 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." My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Airport District No. 1 of the Parish of Beauregard's compliance with the requirements listed in the preceding paragraph. Accordingly, I 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 my attention that caused me to believe that Airport District No. 1 of the Parish of Beauregard, had not complied, in all material respects, with those requirements. Also, the results of my procedures did not disclose any immaterial instances of noncompliance with those requirements.

To the Board of Commissioners
Airport District No. 1 of the Parish of Beauregard
Beauregard Parish Police Jury
DeRidder, Louisiana
Page 2

This report is intended for the information of the Board of Commissioners, management and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

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DeRidder, Louisiana
June 12, 1996

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

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

I have audited the general purpose financial statements of Airport District No. 1 of the Parish of Beauregard, a component unit of the Beauregard Parish Police Jury, as of and for the year ended December 31, 1995, and have issued my report thereon dated June 12, 1996.

I have also audited Airport District No. 1 of the Parish of Beauregard's compliance with the requirements governing types of services allowed or unallowed; matching, level of effort, or earmarking; special reporting requirements; and special test and provisions that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended December 31, 1995. The management of Airport District No. 1 of the Parish of Beauregard, is responsible for the Airport District No. 1 of the Parish of Beauregard's compliance with those requirements. My responsibility is to express an opinion on compliance with those requirements based on my audit.

I conducted my 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 Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that I 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 Airport District No. 1 of the Parish of Beauregard's compliance with those requirements. I believe that my audit provides a reasonable basis for my opinion.

To the Board of Commissioners
Airport District No. 1 of the Parish of Beauregard
Beauregard Parish Police Jury
DeRidder, Louisiana
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The results of my audit procedures did not disclose any immaterial instances of noncompliance with the requirements referred to above.

In my opinion, Airport District No. 1 of the Parish of Beauregard, complied, in all material respects, with the requirements governing types of services allowed or unallowed; matching, level of effort, or earmarking; special reporting requirements and special test and provisions that are applicable to each of its major federal financial assistance programs for the year ended December 31, 1995

This report is intended for the information of the Board of Commissioners, management and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

John A. Windham, CPA
DeRidder, Louisiana
June 12, 1996