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RAPIDES PARISH AIRPORT AUTHORITY

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**RAPIDES PARISH AIRPORT AUTHORITY
PINEVILLE, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 1998**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: APR 08 1999

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March 22, 1999

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Rapides Parish Airport Authority
Pineville, Louisiana

We have audited the accompanying financial statements of the Rapides Parish Airport Authority as of December 31, 1998 and for the two years then ended. These component unit financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards 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 component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The component unit financial statements referred to above present only the financial transactions of the Rapides Parish Airport Authority, a component unit of the Rapides Parish Police Jury.

Governmental accounting standards require disclosure of certain matters regarding the year 2000 issue. Due to the unproven nature of the year 2000 issue, management believes that its efforts and the success of remediation efforts will not be fully determinable before the year 2000. Since the effects of the year 2000 issue and the success of remediation efforts cannot be readily determined at the present time, management has elected to omit the required disclosures from the accompanying financial statements.

In our opinion, except for the omission of disclosures regarding the year 2000 issue as discussed in the previous paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Rapides Parish Airport Authority, as of December 31, 1998 and the results of its operations and cash flows for the two years then ended in conformity with generally accepted accounting principles.

Members
American Institute of Certified Public Accountants - Society of Louisiana, CMA

Rapides Parish Airport Authority

March 22, 1999

Page 2

In accordance with Government Auditing Standards, we have also issued a report dated March 22, 1999, on our consideration of the Rapides Parish Airport Authority's internal control structure and a report dated March 22, 1999 on its compliance with laws and regulations.


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March 22, 1998

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

Board of Commissioners
Rapides Parish Airport Authority
Bossierville, Louisiana

We have audited the financial statements of the Rapides Parish Airport Authority, as of December 31, 1998 and for the two years ended then ended, and have issued our report thereon dated March 22, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Rapides Parish Airport Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Rapides Parish Airport Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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 over financial reporting and its operation that we consider to be material weaknesses.

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



ROGER, HARRINGTON & MCKAY
Certified Public Accountants

RAPIDES PARISH AIRPORT AUTHORITY

Balance Sheet
December 31, 1998

<u>ASSETS</u>		<u>Proprietary Fund - (Airport Enterprise Fund)</u>
Cash	\$	708,166
Receivables		70,027
Fuel Inventory		9,133
Prepaid expenses		18,649
Property and equipment (net of accumulated depreciation)		13,380,128
Other assets		<u>4,258</u>
Total assets	\$	<u>14,181,681</u>
 LIABILITIES AND EQUITY 		
LIABILITIES		
Accounts payable	0	31,893
Accrued expenses		<u>38,817</u>
Total liabilities		<u>70,710</u>
 EQUITY		
Contributed capital		17,374,034
Retained Earnings		<u>6,736,937</u>
Total equity		<u>14,110,671</u>
Total liabilities and equity	\$	<u>14,181,681</u>

The accompanying notes are an integral part of this statement.

RAPIDES PARISH AIRPORT AUTHORITY

*Statement of Revenues, Expenses, and Changes in Retained Earnings
For the Years Ended December 31, 1998 and 1997*

	Proprietary Fund - Airport Enterprise Fund	
	1998	1997
OPERATING REVENUES		
Rents, Leases, and Fees	\$ 86,370	\$ 28,893
Fuel Base Operations	283,476	85,284
Total revenues	<u>369,846</u>	<u>114,177</u>
OPERATING EXPENSES:		
Salaries and wages	187,292	211,888
Payroll taxes and benefits	59,292	80,820
Fuel Base Operations:		
Cost of Fuels Sold	250,649	84,659
Operating Expenses	15,608	29,782
Depreciation	1,680	1,640
General Operations:		
Insurance	35,384	42,756
Repairs and maintenance	18,787	36,880
Office and administrative	8,819	9,424
Telephone and utilities	36,131	42,427
Operating equipment expense	8,750	15,239
Depreciation	454,438	418,922
Automobile and fuel	2,288	6,883
Advertising and promotion	2,178	8,887
Contract services	11,992	10,283
Supplies	4,989	10,217
Other	1,059	1,958
Total expenses	<u>1,888,407</u>	<u>1,893,115</u>
Net operating loss	<u>(788,601)</u>	<u>(871,847)</u>
OTHER INCOME AND EXPENSES		
Interest income	47,815	51,824
Property taxes	4,517	12,288
Grants and	113,712	40,488
Other	-	11,477
Total other income and expenses	<u>166,044</u>	<u>115,987</u>
Net income (loss)	<u>(622,557)</u>	<u>(755,860)</u>
Retained earnings (deficit) - beginning of year	<u>(1,664,111)</u>	<u>(1,898,911)</u>
Retained earnings (deficit) - end of year	<u>\$ (2,286,668)</u>	<u>\$ (2,654,771)</u>

The accompanying notes are an integral part of this statement.

RAPIDES PARISH AIRPORT AUTHORITY

Statement of Cash Flows

For the Years Ended December 31, 1998 and 1997

	Proprietary Fund - (Airport Enterprise Fund)	
	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	\$ (156,852)	\$ (911,847)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	465,449	493,402
(Increase) decrease in operating receivables	(19,749)	(31,277)
(Increase) decrease in inventory	19,287	(28,188)
(Increase) decrease in prepaid expenses	780	-
(Increase) decrease in other assets	-	128
Increase (decrease) in accounts payable	(11,883)	8,402
Increase (decrease) in accrued expenses	34,674	(81,755)
Other income	-	13,877
Net cash provided (used) by operating activities	<u>(78,303)</u>	<u>(581,846)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
All Valerius tax receipts	4,917	450,709
Timber sales	<u>113,712</u>	<u>41,880</u>
Net cash provided (used) by non-capital financing activities	<u>118,629</u>	<u>492,589</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash payments for property and equipment	(911,021)	(211,897)
Cash proceeds from grants	<u>655,479</u>	<u>(73,865)</u>
Net cash provided (used) by capital and related financing activities	<u>(255,542)</u>	<u>(285,762)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest receipts	<u>44,478</u>	<u>51,004</u>
Net cash provided by investing activities	<u>44,478</u>	<u>51,004</u>
Net increase (decrease) in cash	<u>(75,248)</u>	<u>(323,815)</u>
Beginning cash balance	<u>655,715</u>	<u>655,508</u>
Ending cash balance	<u>\$ 708,895</u>	<u>\$ 605,711</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

For the years ended December 31, 1998 and 1997 there were no investing, capital or financing activities that did not result in cash receipts or payments.

RAPIDES PARISH AIRPORT AUTHORITY

Notes to Financial Statements

For the Two Years Ended December 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization And Basis Of Presentation

Rapides Parish Authority was created in December 1978 and is governed by a board of nine members appointed by the Rapides Parish Police Jury. The Authority promotes economic development by operating Elder Commerce Park and Airport. Operations involve developing alternative uses for property formerly utilized as a commercial airport.

The Airport Authority is a component unit of the Rapides Parish Police Jury, the primary governing body of the Parish and the governmental body with oversight responsibility. The accompanying financial statements present information only on the funds maintained by the Airport Authority and do not present financial information on the primary government, the general government services provided by that entity, or the other governmental units that are accountable to the primary government.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to Governmental Units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Fund Accounting

The accounts of the Authority are organized on the fund basis. The operations of the fund are accounted for with a set of self-balancing accounts (fund-type fund) that comprise its assets, liabilities, fund equity, revenues, and expenses. Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fuel Inventories

Inventories are reported at cost determined based on the first in, first out (FIFO) inventory method.

Property And Equipment - Proprietary Fund

Property and equipment are recorded at cost, including any interest incurred, or estimated value at time of acquisition in the proprietary fund. Depreciation is computed using the straight-line and accelerated methods over the estimated useful lives of the assets ranging from 3 to 48 years.

Compensated Absence

Employees of the Airport Authority earn five 1 to 15 days of vacation leave each year, depending on length of service. In addition, employees earn from 4 to 12 days of sick leave each year. Vacation leave may be accumulated, not to exceed 30 days. Upon separation of employment, employees are compensated

RAPIDES PARISH AIRPORT AUTHORITY

Notes to Financial Statements

For the Two Years Ended December 31, 1998

for accumulated vacation leave at the employer's current rate of pay. Employees are not compensated for accumulated sick leave at termination.

Basis Of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to timing of the measurements made, regardless of the measurement focus applied. Proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and expenses are recognized when they are incurred.

The basis of accounting followed by proprietary funds is similar to accounting practices utilized by business enterprises. Due to these similarities, proprietary funds are allowed to follow certain provisions that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the Authority only applies those FASB provisions that were issued on or before November 18, 1989.

Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Contributed Capital

Amounts contributed to the Airport Authority for acquisition or construction of fixed assets are recorded as contributed capital. Depreciation of these contributed capital assets is computed using the straight-line method over the estimated useful lives of the assets and is charged as a current period expense.

Construction In Progress

Transactions which are related to construction projects are recorded in a construction in progress account. When construction projects are completed, the costs which were originally recorded as construction in progress are transferred to a permanent property and equipment account.

Statement Of Cash Flows

During 1989 the Authority adopted Government Auditing Standards Board Statement No. 3, "Reporting Cash Flows of Proprietary and Nonresponsibility Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." This statement requires entities to report a statement of cash flows as part of a full set of financial statements instead of reporting a statement of changes in financial position. For the purposes of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in bank and Certificates of Deposit.

NOTE 2 - CASH AND CASH EQUIVALENTS:

At December 31, 1998, cash and cash equivalents totaled \$789,146 (bank balances) and \$976,087 (bank balances). Under state law, these deposits must be secured by Federal Deposit Insurance or the pledge of

RAPIDES PARISH AIRPORT AUTHORITY

Notes to Financial Statements

For the Two Years Ended December 31, 1998

securities owned by the bank. The securities pledged are held in the name of the pledging bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1998 deposits were protected by \$250,318 in Federal Deposit Insurance and pledged securities with a market value of \$849,795. The pledged securities are held in the name of the financial institution, which is considered uncollateralized (Category 3), by the provisions of GASB Statement No. 3.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana law imposes a statutory requirement on the custodial bank to advise and will the pledged securities within 10 days of being notified by the Authority that the pledging bank has failed to pay deposited funds upon demand.

NOTE 3 - PROPERTY AND EQUIPMENT:

A summary of property and equipment at December 31, 1998 is as follows:

Land	\$ 7,068,234
Buildings and Improvements	9,783,640
Machinery and Equipment	296,288
Fixed Base Equipment	40,200
Vehicles and Rolling Stock	390,897
Communications Equipment	53,998
Construction in Progress (Notes)	289,074
<hr/>	
Total Property and Equipment	18,022,631
Less Accumulated Depreciation	(4,742,403)
<hr/>	
Net Property and Equipment	\$ 13,280,228

NOTE 4 - RECEIVABLES:

A summary of receivables at December 31, 1998 is as follows:

Grants	\$ 28,541
Fuel Sales	33,160
Rents, Leases and Fees	1,907
Accrued Interest	8,972
<hr/>	
Total Receivables	72,580
Less Allowance for Doubtful Accounts	(1,678)
<hr/>	
Net Receivables	\$ 70,902

RAPIDES PARISH AIRPORT AUTHORITY

Notes to Financial Statements

For the Two Years Ended December 31, 1998

NOTE 5 - CONTRIBUTED CAPITAL:

The changes in the contributed capital accounts for the two years ended December 31, 1998 are summarized as follows:

	1998	1997
Contributed Capital - Beginning of Year	\$ 14,537,686	\$ 14,284,837
Additions:		
FAA Airport Improvement Program	595,569	184,481
State of Louisiana	232,809	168,136
Contributed Capital - End of Year	\$ 15,334,064	\$ 14,557,454

NOTE 6 - PROPERTY TAXES:

In September 1985, the voters of Rapides Parish approved a special ad valorem tax of one and one-half (1 & 1/2) mills on the assessed valuation on all taxable property. This tax is for a period of ten (10) years beginning with 1987 for the purpose of continuing operations and maintenance of the Airport facility. The monies collected from this tax and the related receivables are accounted for as non-operating revenues in the Airport Enterprise Fund; however, since the first assessment occurred during 1996, amounts collected during the two years ended December 31, 1998 consist of collection of delinquent taxes from previous assessments.

Ad valorem taxes are assessed on a calendar year basis and are due on or before the thirty-first (31st) day of December in the year the tax is levied. Property taxes are recognized in compliance with NCGA Interpretation-1 (Revenue Recognition - Property Taxes) which states that such revenue is recorded when it becomes measurable and available. Available means due or past due and collected no longer than 90 days after the close of the current period.

NOTE 7 - CONSTRUCTION IN PROGRESS:

Construction activity for the two years ended December 31, 1998 is summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Miscellaneous	\$ 2,791	\$ ---	\$ 2,791	\$ ---
Underground Drainage	---	494,624	494,624	---
Runway Rehabilitation	---	320,511	320,511	---
Hanger II Rehabilitation	---	285,174	---	285,174
Construction in Progress	\$ 2,791	\$ 1,084,309	\$ 1,778,316	\$ 285,174

RAPIDES PARISH AIRPORT AUTHORITY

Notes to Financial Statements

For the Two Years Ended December 31, 1998

Underground Drainage:

The purpose of this project was to improve drainage in areas adjacent to runway 8/26. Ninety percent (90%) of the funding is being provided by the Federal Aviation Administration (FAA) through the Airport Improvement Program. The remaining funds will be provided by the State of Louisiana and the Rapides Parish Airport Authority. At year end, construction was complete and the related costs have been reclassified as Improvements.

Ramp Rehabilitation:

The purpose of this project was to rehabilitate the surface of the existing runways. Ninety percent (90%) of the funding is being provided by the Federal Aviation Administration (FAA) through the Airport Improvement Program. The remaining funds will be provided by the State of Louisiana and the Rapides Parish Airport Authority. At year end, construction was complete and the related costs have been reclassified as Improvements.

Hanger II Rehabilitation:

The purpose of this project was to rehabilitate Hanger II and complete related asbestos abatement. The project has been financed by the State of Louisiana through a \$250,000 appropriation from the Capital Outlay Program and a commitment from the National Guard to for the asbestos abatement phase of the project.

An inspection of the project has revealed that the contractor has failed to meet certain design specifications. Since the work did not meet specifications, the Authority has withheld \$21,268 from the balance of the contract in accordance with contractual provisions regarding retainage. Management expects that litigation will be necessary in order to compel the contractor or its surety to complete the project. As a result, amounts retained from the contract have not been reported as a liability in the accompanying financial statements.

NOTE 8 - GRANT FUNDS:

Funding for some of the Airport Authority activities has been provided by governmental grants. An analysis of grant activity for the two years ended December 31, 1998 is presented as follows:

	1998	1997	Total
Federal Aviation Administration			
Airport Improvement Program (AIP)	\$ 593,500	\$ 104,411	\$ 697,911
State of Louisiana:			
AIP Matching Funds	64,683	11,681	76,364
National Guard	69,154	---	69,154
Capital Outlay Program	88,963	156,737	245,700
<u>Total Grant Activity</u>	<u>\$ 816,400</u>	<u>\$ 272,829</u>	<u>\$ 1,089,229</u>

RAPIDES PARISH AIRPORT AUTHORITY

Notes to Financial Statements For the Five Years Ended December 31, 1999

All grant funds have been used for improvements to the Airport Authority's facilities, and grant receipts were recorded as contributed capital when the amounts became subject to accrual.

NOTE 9 - COMPENSATION OF BOARD MEMBERS:

During 1998, no members of the Board of Commissioners received compensation for their work with the Authority.

NOTE 10 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. Protection from these risks is provided by purchasing commercial insurance. Settled claims resulting from these risks have not exceeded available coverage in any of the past three (3) fiscal years.

RAPIDES PARISH AIRPORT AUTHORITY

Schedule of Findings and Questioned Cost For the Two Years Ended December 31, 1998

PART I - SUMMARY OF AUDITOR'S RESULTS:

- The Independent Auditor's Report on the financial statements for the Rapides Parish Airport Authority as of December 31, 1998 and for the two years then ended expressed a qualified opinion.
- The results of the audit disclosed no instances of noncompliance that are considered to be material to the financial statements of the Rapides Parish Airport Authority.
- The Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133, expressed an unqualified opinion on compliance for major programs.
- The audit did not disclose any audit findings which are required to be reported as findings and questioned cost.
- Major programs for the year ended December 31, 1998 are presented as follows:

**DEPARTMENT OF TRANSPORTATION
CDBA No. 28.096, Airport Improvement Program**

- A threshold of \$300,000 was used for distinguishing between Type A and Type B programs for purposes of identifying major programs.
- The Rapides Parish Airport Authority was not considered to be a low risk auditee as defined by the OMB Circular A-133.

PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

- None

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:

- None

RAPIDES PARISH AIRPORT AUTHORITY

**Management's Corrective Action Plan
For the Two Years Ended December 31, 1988**

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
N/A - No findings of this nature were reported.	Response - N/A
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS.	
N/A - No findings of this nature were reported.	Response - N/A
SECTION III MANAGEMENT LETTER	
N/A - No findings of this nature were reported.	Response - N/A

RAPIDES PARISH AIRPORT AUTHORITY

*Schedule of Prior Year Findings and Questioned Cost
For the Two Years Ended December 31, 1998*

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
No findings of this nature were reported as a result of the previous audit.	Response - N/A
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
No findings of this nature were reported as a result of the previous audit.	Response - N/A
SECTION III MANAGEMENT LETTER	
No findings of this nature were reported as a result of the previous audit.	Response - N/A

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March 23, 1999

**Independent Auditor's Report On Compliance With Requirements
Applicable To Each Major Program And Internal Control Over Compliance
In Accordance With OMB Circular A-133**

Board of Commissioners
Rapides Parish Airport Authority
Pineville, Louisiana

Compliance

We have audited the compliance of the Rapides Parish Airport Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 1998. The Rapides Parish Airport Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Rapides Parish Airport Authority's management. Our responsibility is to express an opinion on Rapides Parish Airport Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rapides Parish Airport Authority's compliance with these requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Rapides Parish Airport Authority's compliance with these requirements.

In our opinion Rapides Parish Airport Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1998.

Internal Control Over Compliance

The management of Rapides Parish Airport Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Rapides Parish Airport Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operating of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of Rapides Parish Airport Authority's management. However, this report is a matter of public record and its distribution is not limited.


ROGER HARRINGTON & MCKAY
Certified Public Accountants

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March 21, 1998

**Independent Auditors' Report on Compliance
With Revenue Use Requirements**

**Board of Commissioners
Rapides Parish Airport Authority
Pineville, Louisiana**

We have examined management's assertion, included in its representation letter dated March 21, 1998, about the Rapides Parish Airport Authority's compliance with revenue use requirements during the period January 1, 1998 through December 31, 1998. Management is responsible for the Rapides Parish Airport Authority's compliance with these requirements. Our responsibility is to express an opinion on management's assertion about the Authority's compliance based on our examination.

Our examination was made in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Governor's Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Standards of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require examining, on a test basis, evidence about compliance with these requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Rapides Parish Airport Authority's compliance with specified requirements.

In our opinion, management's assertion that all revenues generated from the airport have been used solely for the capital or operating cost of the airport, the local airport system, or other local facilities owned or operated by the airport owner or operator and directly and substantially related to the air transportation of passengers or property, during the period January 1, 1998 through December 31, 1998, is fairly stated, in all material respects.

ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

RAPIDES PARISH AIRPORT AUTHORITY

*Schedule of Expenditures of Federal Financial Awards
For the Year Ended December 31, 1988*

<u>Federal Grants / Pass-through Grants / Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
US Department of Transportation: Direct Programs: Airport Improvement Program	20.000	\$ 200,500
Total Expenditures of Federal Awards		<u>\$ 200,500</u>

Note:

The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-103, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.