

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

Board of Commissioners
Chenault International Airport Authority
Lake Charles, Louisiana

We have audited the general purpose financial statements of the Chenault International Airport Authority as of and for the year ended June 30, 1997, and have issued our report thereon dated November 10, 1997.

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

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

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

This report is intended for the information of the audit committee, management, and other state and federal audit agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Stull & Associates

November 10, 1997

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY

SCHEDULE OF PER DIEM PAID COMMISSIONERS

June 30, 1997

The schedule of per diem paid to commissioners was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

As provided by Louisiana Revised Statute 33:4718 A, members of the commission serve without compensation.

Commissioner	Meeting	Compensation
Leonard C. Beeds, III	18	\$ -
Daryl V. Burchel	13	-
Richard J. Gregory	13	-
Willie S. King, Jr.	15	-
Russell T. Tiftino, Jr.	13	-
Michael G. Rasco	15	-
Bryan Freeman *	10	-
Glen A. James **	4	-

The total amount of meetings include 12 Regular and 6 Special Board Meetings.

* Bryan Freeman resigned his appointment on April 6, 1997.

** Glen James was appointed to fill unexpired term of Bryan Freeman.

SUPPLEMENTAL INFORMATION

Totals		(Intercompany) Totals	
1997		1996	
\$	26,114	\$	137,813
	<u>951,900</u>		<u>188,808</u>
	978,014		327,653
	<u>1,922,247</u>		<u>5,684,238</u>
	(944,232)		(5,457,277)
	1,758,879		4,000,000
	<u>1,758,879</u>		<u>4,000,000</u>
	211,847		(1,457,277)
	<u>788,826</u>		<u>2,247,282</u>
\$	<u>1,801,772</u>	\$	<u>788,826</u>

CHENNAI INTERNATIONAL AIRPORT AUTHORITY
CAPITAL PROJECTS FUND
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

June 30, 1987

With Comparative Totals for June 30, 1986

	Hortling Greenway Projects	Economic Development Program	Major Repair and Renovation
Revenues:			
Interest	\$ 15,480	\$ 10,834	\$ -
Grant proceeds- State	887,801	-	-
Total Revenues	<u>903,281</u>	<u>10,834</u>	<u>-</u>
Expenditures:			
Capital Outlay	<u>1,214,748</u>	<u>688,103</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(311,467)</u>	<u>(677,269)</u>	<u>-</u>
Other financing sources (uses):			
State reimbursement contract	-	-	-
Operating transfers in	-	750,080	408,878
Operating transfers (out)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>750,080</u>	<u>408,878</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(311,467)</u>	<u>72,811</u>	<u>408,878</u>
Fund balance at beginning of year	<u>328,800</u>	<u>483,023</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (3,657)</u>	<u>\$ 805,834</u>	<u>\$ 408,878</u>

See accompanying notes to financial statements.

Yards

(Memberships Only)

	1987	1988
\$	708,808	\$ 1,204,808
	878	3,282
	408,871	348
.....	<u>851,801</u>	<u>180,808</u>
\$	<u>2,002,281</u>	<u>5,037,497</u>
\$	88,858	\$ 82,808
	358,882	482,888
.....	<u>822,487</u>	<u>1,734</u>
	1,088,878	547,572
.....	<u>1,001,772</u>	<u>788,888</u>
\$	<u>2,002,281</u>	<u>5,037,497</u>

CHEMINAULT INTERNATIONAL AIRPORT AUTHORITY
CAPITAL PROJECTS FUNDS

COMBINED BALANCE SHEET

June 30, 1997

With Comparative Totals for June 30, 1997

	Nonmajor Construction Projects	Economic Development Projects	Major Repair and Renovations
ASSETS			
Certificates of deposit	\$ -	\$ 798,800	\$ -
Interest receivable	-	879	-
Due from other funds	-	3,700	408,078
Due from the State of Louisiana	<u>881,800</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 881,800</u>	<u>\$ 799,379</u>	<u>\$ 408,078</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 35,454	\$ 30,218	\$ -
Contracts payable	382,857	88,808	-
Due to other funds	<u>503,487</u>	<u>-</u>	<u>-</u>
Total Liabilities	921,800	119,026	-
Fund balance (deficit):			
Reserved for construction and repairs	<u>(40,000)</u>	<u>(20,646)</u>	<u>(480,078)</u>
Total liabilities and fund balance	<u>\$ 881,800</u>	<u>\$ 799,379</u>	<u>\$ 408,078</u>

See accompanying notes to financial statements.

CAPITAL PRODUCTS FUNDS

ORONALU INTERNATIONAL AIRPORT AUTHORITY
DEBT SERVICE FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended June 30, 1997
With Comparative Totals for Year Ended June 30, 1996

	Certificates of Intelebondness Series 1992		Totals	
	State Reimbursement Contract	State Reimbursement Contract	1997	1996
Revenues:				
Interest	\$ -	\$ 27,222	\$ 27,222	\$ 45,816
Expenditures:				
Debt service:				
Principal retirement	-	120,000	120,000	855,800
Interest and fiscal charges	-	281,709	281,709	253,815
Total expenditures	-	401,709	401,709	1,109,615
Excess (deficiency) of revenues over expenditures	-	(374,487)	(374,487)	(1,063,799)
Other financing sources (uses):				
Operating transfers in	-	325,000	325,000	1,027,960
Excess (deficiency) of revenues and other sources over expenditures	\$ -	50,513	50,513	(35,839)
Fund balance at beginning of year	4,404	588,219	592,623	510,184
Fund balance at end of year	<u>\$ 4,404</u>	<u>\$ 638,732</u>	<u>\$ 643,136</u>	<u>\$ 474,345</u>

See accompanying notes to financial statements

CHEMMALU INTERNATIONAL AIRPORT AUTHORITY
DEBT SERVICE FUNDS

COMBINED BALANCE SHEET

June 30, 1997

With Comparative Totals for June 30, 1996

	Certificates of Indebtedness Series 1992	State Reimbursement Contract	Totals	
			Michigan 1997	1996
ASSETS				
Certificates of deposit	\$ -	\$ 508,080	\$ 508,808	\$ 516,080
Reimbursement reserve account	-	114,888	114,888	83,525
Interest receivable	-	8,427	8,427	153
Due from other funds	4,484	4,587	9,691	4,884
Total assets	\$ 4,484	\$ 637,982	\$ 637,356	\$ 604,100
LIABILITIES AND FUND BALANCE				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ -	\$ 216
Fund balance:				
Designated for debt service	4,484	637,982	637,356	603,884
Total liabilities and fund balance	\$ 4,484	\$ 637,982	\$ 637,356	\$ 604,100

See accompanying notes to financial statements

DEBT SERVICE FUNDS

COMBINING STATEMENTS

CHENNAI INTERNATIONAL AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1997
 (continued)

13. Commitments

Commitments under maintenance and service contracts provide for minimum annual payments as follows:

Year Ending June 30	Control Tower	Rampside Equipment
1998	\$ 91,533	\$ 22,800
1999	-	22,800
2000	-	15,200
2001 and thereafter	-	-
	<u>\$ 91,533</u>	<u>\$ 60,800</u>

There was one capital project in June 30, 1997, that was in the advertisement for bids stage. The project was the C I A A Administration Building, Project (1995-09). Bids for the project were opened on August 7, 1997, with the low bid being \$387,700. A contract was subsequently awarded for the construction of this project.

There were two capital projects in the design stage on June 30, 1997. They were the Hangar B Annex Project and the Approach Lighting Improvement Project. The budget for the fiscal year ending June 30, 1998, includes \$1,720,000 for the 23,634 square foot addition to Hangar B and \$500,000 for the approach lighting improvements to Runway 15R. Both projects are scheduled for completion prior to June 30, 1998.

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997
(continued)

The Authority's payroll for employees covered by the System for the year ended June 30, 1997 was \$495,738; the Authority's total payroll and taxable benefits was \$516,094.

Contribution requirements:

Covered employees are required by Louisiana state statute to contribute 7.5 percent of their salary to the plan. The Authority is required by the same statute to contribute 13.4 percent of eligible salaries. The contribution requirement for the year ended June 30, 1997, was \$98,654 (19.9% of current year covered payroll), which consisted of \$61,471 (12.4% of current year covered payroll) from the Authority and \$37,180 (7.5% of current year covered payroll) from employees.

Fund status and progress:

The "Pension Benefit Obligation" (PBO) 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 is intended to help users assess the funding status of the plan on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among other public employee retirement systems. The measure is called the "actuarial present value of accrued projected benefits" and is independent of the funding method used to determine contributions to the plan.

The PBO was computed as part of an actuarial valuation performed as of June 30, 1996; however, the System does not make separate measurements of assets and pension benefit obligations of individual employees. The pension benefit obligation at June 30, 1996, for the System as a whole was approximately \$6.254 billion. The system's net assets available for benefits as that date (valued at market) were approximately \$4.138 billion, leaving an unfunded pension benefit obligation of approximately \$2.115 billion. The Authority's 1996 contribution represented .83 percent of the total contributions required of all participating entities.

Ten year historical trend information is presented in a separately issued PERS report which provides information about progress made in accumulating sufficient assets to pay benefits when due.

CRENSHAW INTERNATIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997
(continued)

commence on October 1, 1995, and to continue through the earlier of the completion of the addition to Hangar B or the end of the current sublease term on April 30, 2002. The additional monthly compensation is expected to increase from \$12,500 to \$27,000 upon the completion of the addition to Hangar B. The actual increase in lease payments will depend on the total project expenditures for both projects and the number of months remaining in the sublease.

Under the terms of the operating lease, Northrop Grumman pays scheduled rent to the Authority, as well as an additional amount representing the amortization of improvements made by the Authority. The amount of rent is reduced by an amount due from the Authority for fire protection provided by Northrop Grumman. During the fiscal year ended June 30, 1997, the Authority received payments under the terms of the lease as follows:

Gross Rent	Fire Protection	Net Rent
\$ 1,838,950	(\$ 588,918)	\$ 1,250,032

The minimum lease rentals for the year ending June 30, 1998, are as follows:

Gross Rent	Fire Protection	Net Rent
\$ 2,023,800	(\$ 533,000)	\$ 1,490,800

12 Defined Benefit Plan

Plan Description:

The Authority contributes to the Louisiana State Employees' Retirement System (System), a cost-sharing multiple-employer public employee retirement system (PERS). All full-time employees, as defined, are eligible to participate in the System. Benefits vest after ten years of participation.

Employees are eligible for retirement if they have: a) thirty years or more of service, at any age; b) twenty-five years or more of service, at age fifty-five or thereafter; or c) ten years or more of service, at the age of sixty or thereafter. Retirees shall receive a maximum retirement allowance equal to two and one-half percent of average compensation for every year of creditable service plus three hundred dollars. The retirement benefits provided shall not exceed one hundred percent of retiree's average compensation. The System also provides death and disability benefits. Benefits are established by Louisiana state statute.

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1997
 (continued)

During the fiscal year ended June 30, 1997, the Authority completed construction on several capital projects. Listed below is a summary of the completed projects.

Project	Fiscal Period Expenditures	Year Ended June 30, 1997	Total Project Expenditures
Firewater System	\$ 1,225,415	\$ 493,284	\$ 1,655,699
Hangar 1 Renovations	0	53,168	53,168
Airborne Office	4,439	44,583	49,022
Hangar B & C Upgrade	12,996	185,908	216,212
Fences & Gates	4,728	48,871	51,591
Total	<u>\$ 1,248,978</u>	<u>\$ 718,654</u>	<u>\$ 2,039,713</u>

Construction in progress as of June 30, 1997, is composed of the following:

Project	Project Authorizations	Expended to June 30, 1997	Committed
Hangar E Upgrade	\$ 408,897	\$ 13,897	\$ 368,000
Hangar A Annex	1,675,000	1,016,031	998,969
Air Cargo Building	152,653	24,513	128,140
Pavement & Drainage	30,000	8,372	21,628
Approach Lighting	48,686	8,686	40,000
Total	<u>\$ 2,315,246</u>	<u>\$ 1,135,799</u>	<u>\$ 1,556,537</u>

11. Leases

On November 5, 1991, the Authority entered into a five-year lease agreement with Gramman Louisiana Corporation, that commenced May 1, 1992. Gramman Louisiana Corporation is owned by Northrop Gramman Corporation. The lease contains four consecutive renewal options for five year periods. On April 19, 1996, Northrop Gramman exercised its option to extend the term of the lease through April 30, 2000.

The Authority amended the sublease with Northrop Gramman Corporation on January 30, 1997, to provide additional building space within the leased premises. The estimated cost of constructing the improvements is \$3,175,000. The State of Louisiana has appropriated \$2,800,000 to be used in constructing the improvements.

The sublease has been amended to provide additional compensation to the Authority for the addition to Hangar A of \$12,500 per month scheduled to

CHENNAI INTERNATIONAL AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1997
 (continued)

9. Changes in Long-Term Debt

The following is a summary of changes in long-term debt of the Authority for the year-ended June 30, 1997:

	Reimbursement Contract
Balance - July 1, 1996	\$ 3,395,000
Additions	0
Repayments	<u>(130,000)</u>
Balance - June 30, 1997	<u>\$ 3,275,000</u>

The annual requirements to amortize all general obligation debt outstanding as of June 30, 1997, including interest of \$1,951,800, are as follows:

Year Ending June 30	Principal and Interest
1998	320,500
1999	324,800
2000	328,900
2001 and thereafter	<u>4,768,600</u>
	<u>\$ 5,742,800</u>

There are various limitations and restrictions contained in the various debt agreements. The Authority is in compliance with all significant limitations and restrictions.

10. Change in General Fixed Assets

A summary of general fixed assets for the year ended June 30, 1997 is as follows:

	Beginning of Year	Additions	Retirements	End of Year
Construction in progress	\$ 1,259,250	\$ 1,922,247	\$ 1,025,774	\$ 1,155,723
Land	578,643	0	0	578,643
Buildings	43,412,697	318,488	0	43,731,185
Improvements other than building	13,570,603	1,707,290	0	15,277,893
Equipment	4,682,788	16,787	388,894	4,310,681
Total	<u>\$ 61,504,381</u>	<u>\$ 1,964,812</u>	<u>\$ 1,414,668</u>	<u>\$ 62,054,525</u>

CHENNAI INTERNATIONAL AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1997
 (continued)

1986 Contract	
Date	Principal
4/1/98	\$ 5,000
5/1/99	10,000
4/1/99	10,000
4/1/91	10,000
4/1/92	10,000
4/1/93-17	255,000
	\$ 350,000

The Authority shall, in addition to making annual principal and interest payments, transfer and make available to the State of Louisiana an amount equal to a minimum of one-tenth of the average annual debt service on the reimbursement contract. The amount so deposited shall be used, if necessary, solely to remedy or prevent a default in making the reimbursement payments required by this contract. When the reimbursement contract has been paid in full, any amount of funds remaining in the reserve fund shall be transferred by the State to the Authority. As of June 30, 1997, the Authority had \$114,898 in the reserve fund.

The reimbursement contract reserve payment schedule is as follows:

1993 Contract		1994 Contract	
Date	Principal	Date	Principal
3/1/98	\$ 26,884	5/1/98	\$ 9,282
3/1/99	26,884	5/1/99	9,282
3/1/90	26,884	5/1/90	9,282
3/1/91	26,884	5/1/91	9,282
3/1/92	26,884	5/1/92	9,282
3/1/93	26,884	4/1/93-95	15,846
	\$ 156,594		\$ 42,756

1996 Contract	
Date	Principal
4/1/98	\$ 3,634
4/1/99	3,634
4/1/90	3,634
4/1/91	3,634
4/1/92	3,634
4/1/93-97	11,172
	\$ 20,340

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997
(continued)

The funds are being used to construct improvements to Hangar E. On June 3, 1997, a construction contract was signed in the amount of \$153,600 for the project. Construction under the terms of the contract was scheduled to commence on August 19, 1997. The Authority is responsible for paying all project costs that either are not eligible under the terms of the CIA or that exceed the aggregate amount of \$300,000.

8. Reimbursement Contract

Chenault International Airport Authority and the State Bond Commission have entered into three separate reimbursement contracts including a \$1,000,000 contract amended August 19, 1993, a \$800,000 contract dated November 17, 1994, and a \$100,000 contract dated July 18, 1996. The contracts provide for payments to reimburse the state on bonds issued for renovations to Chenault facilities as well as providing for the establishment of a reserve account (see note 7). As of June 30, 1997, the Authority had not drawn against the \$100,000 line of credit that will be reimbursed under the terms of the July 18, 1996, reimbursement contract.

The reimbursement contracts provide that Chenault International Airport Authority shall repay into the State of Louisiana Bond Security and Redemption Fund designated monies in an amount sufficient to reimburse the amount of the contract, together with interest at the rate of 6% over a period of twenty years.

The indebtedness will be repaid as follows:

1993 Contract		1994 Contract	
Date	Principal	Date	Principal
3/15/98	\$ 100,000	3/15/98	\$ 20,000
3/15/99	115,000	3/15/99	20,000
3/15/00	120,000	3/15/00	20,000
3/15/01	125,000	3/15/01	20,000
3/15/02	130,000	3/15/02	20,000
3/15/03-13	2,110,000	3/15/03-13	400,000
	\$ 2,780,000		\$ 570,000

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997
(continued)

6. State Capital Outlay Appropriation of \$3,000,000

The State of Louisiana Capital Outlay Act of 1996 appropriated \$2,000,000 to Finance Administration and Hangar Facilities, Parking, Infrastructure for Expanding the I-STARS Program, Planning and Construction. The state appropriated an additional \$1,000,000 for this project in the Capital Outlay Act of 1997. The appropriations provide that the funds appropriated shall be administered by the Department of Transportation and Development ("DOTD").

The Authority and DOTD entered into a Cooperative Endeavor Agreement ("CEA") on October 24, 1996. The CEA was subsequently amended on May 16, 1997, and September 3, 1997, to incorporate actions of the State Bond Commission in approving lines of credit to be used in constructing the project.

The \$3,000,000 capital-outlay appropriation from the state is being used to construct a 25,800 square foot addition to Hangar A, and a 23,616 square foot addition to Hangar B. The Authority is responsible for paying the project costs that either are not eligible costs under the terms of the CEA or that exceed the aggregate amount of \$3,000,000. The estimated project costs and scheduled completion dates are \$1,675,000 and September 30, 1997, for the addition to Hangar A and \$1,300,000 and June 30, 1998, for the addition to Hangar B.

As of June 30, 1997, the project to construct the addition to Hangar A was under construction and the project to construct the addition to Hangar B was in the final design stage. The costs incurred by the Authority through June 30, 1997, on the project to construct the addition to Hangar A totaled to \$1,076,831. Included in the \$1,076,831 of project costs are \$951,905 of costs eligible for reimbursement under the terms of the CEA. The balance sheet for the Capital Projects Fund as of June 30, 1997, includes a \$931,501 asset for the receivable due from the State of Louisiana for the reimbursement of the eligible project costs.

7. State Capital Outlay Appropriation of \$300,000

The State of Louisiana Capital Outlay Act of 1996 appropriated \$300,000 to Finance Renovations, Planning, and Construction to Chennault Facilities. The appropriation contains the requirement that the \$300,000 be reimbursed by the Authority to the State of Louisiana with six percent annual interest over a term of twenty years (see note 8). The appropriation also provides that the funds appropriated shall be administered by the Department of Transportation and Development ("DOTD"). To meet this requirement, the Authority and DOTD entered into a Cooperative Endeavor Agreement ("CEA") on May 7, 1997, for the project.

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997
(continued)

3. Capital Projects Fund - Northrop Grumman

The deficit in the Capital Projects Fund-Northrop Grumman Projects is a temporary event due to the higher than anticipated amount of accrued engineering fees and change orders to construction contracts. The budget approved for this fund for the fiscal year commencing July 1, 1995, includes a \$1,000,000 transfer from the Special Revenue Fund as well as a grant from the State of Louisiana for \$2,048,000.

4. Joint Services Agreement

The Chenault International Airport Authority entered into Joint Services Agreements on April 4, 1995, with the West-Calcasieu Airport Managing Board and the DeQuincy Airport Authority. The purpose of the agreements is to cooperate on the construction, acquisition, and improvement of public aviation projects or improvements. The joint use of funds is intended to carry out the public purpose of encouraging and stimulating economic development throughout Calcasieu Parish.

Under the terms of the agreements, the Authority agreed to annually grant or transfer \$120,000 to the West-Calcasieu Airport Authority Managing Board and \$80,000 to the DeQuincy Airport Authority. The transfers are scheduled to take place annually for a ten year period with the last payment to be made in the year 2005. The initial transfers were made on January 21, 1997.

5. Property Taxes

On January 21, 1995, an election was held and the proposition passed authorizing the Authority to levy and collect a 5.02 mill property tax for a period of two years beginning with the year 1996. For the year ended June 30, 1997, the Authority levied taxes of 5.78 mills on property with assessed valuation totaling 2787,140,280, the taxes were dedicated to maintaining, operating, reconstructing, or improving Airport facilities of the Authority. Total taxes levied were \$4,000,000.

Property tax delinquent taxes are normally adopted in May for the calendar year in which taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by February 28th are subject to property fees.

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997
(continued)

G. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Authority's financial position and operations.

2. Cash and Certificates of Deposit

Cash and investments owned at cost consisted of the following:

Cash	\$ 677,551
Certificates of deposit	\$ 2,993,800

The Authority maintains a fiscal agent agreement whereby, through the administrator bank, local depository banks which are members of the federal reserve participate in demand deposits of the Authority.

All cash and certificates of deposit are entirely insured or collateralized. Louisiana state statute requires that the Authority's deposits be insured by the depository banks and savings and loan associations pledging government securities as collateral. The amount of the security shall at all time be equal to one hundred percent of the amount on deposit except that portion of deposits insured by any governmental agency insuring bank deposits which is organized under the laws of the United States.

Cash and investments of the Authority are classified into three categories to give an indication of the level of risk assumed at year end:

Category 1: includes investments insured or collateralized with securities held by the Authority or its agent in the name of the Authority.

Category 2: includes uninsured investments which are collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.

Category 3: includes uninsured and unregistered investments with the securities held by the financial institution, or by its trust department or agent, but not in the name of the Authority.

Cash and certificates of deposit as of June 30, 1997 were all classified as Category 1.

CHICAGO INTERNATIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997
(continued)

The annual operating budget, prepared on the modified accrual basis, covers all Authority activities. At the end of the fiscal year, unexpended appropriations automatically lapse. Budget amendments are approved by the Board of Commissioners.

The budget adoption resolution for the fiscal year ending June 30, 1997, established a Capital Projects Fund-Major Repair and Renovation to provide funds for future period major repair and renovation projects. The resolution specified that, on the last day of the fiscal year, the unexpended portion of the Special Revenue Fund budget for major repairs shall be transferred to the Capital Projects Fund-Major Repair and Renovation. The amount of the transfer on June 30, 1997, was \$406,879.

Formal budgetary integration is employed as a management control device during the year for the Special Revenue Funds. Formal budgetary integration, although employed by the Debt Service Funds, is alternatively achieved through certificate of indebtedness and reimbursement contract provisions. The capital budget ordinances which authorize the Capital Projects Funds present cumulative as opposed to annual budget amounts and thus budget and actual comparisons are not reported in the accompanying financial report for these funds. The budget and actual comparisons presented in the accompanying financial report include the Special Revenue Fund.

E. Cash and Certificates of Deposit

Cash and certificates of deposit are stated at cost which approximates market. Interest is accrued as earned in the period it becomes measurable and available.

F. Accrued Unpaid Vacation, Sick Leave and Other Employee Benefit Amounts

Vacation, compensation time, and sick leave are recorded as expenditures of the period in which they are paid. In the event of separation of employment, the employee will be paid for any unused vacation time accrued. Employees are able to accrue annual sick leave without limitation. However, there will be no payment of unused sick leave upon separation of employment. At June 30, 1997, unrecorded Special Revenue Fund liabilities included approximately \$14,380 vacation pay and \$9,000 compensation time.

CHENNAI INTERNATIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(JUNE 30, 1997
(continued))

comparable to a consolidation in that interfund transactions are not eliminated.

B. Reporting Entity

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basis, but not the only, criteria for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criteria used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Authority is able to exercise oversight responsibility. Based upon the application of these criteria, it was determined that no other agency should be included in this reporting entity.

C. 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 the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when available and measurable. Revenues that are accrued include rent, property taxes, and interest. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred.

D. Budget Policy and Budgetary Accounting

A proposed budget is prepared and submitted to the Board of Commissioners prior to the beginning of each year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to the commencement of the budget year.

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 1997

I. Summary of Significant Accounting Policies

The Chenault International Airport Authority (the Authority) is a political subdivision of the State of Louisiana and was created by an Act of the Louisiana Legislature. By virtue of the act and the joint initiative of Calcasieu Parish, City of Lake Charles, Calcasieu Parish School Board and the State Board of Elementary Education, a special district was created through an intergovernmental contract and local services agreement. The Authority is governed by a board of seven commissioners appointed as follows: two members appointed by Calcasieu Parish, two members appointed by the City of Lake Charles, two members appointed by the Calcasieu Parish School Board. The six members so appointed shall appoint by majority vote a seventh member.

The name of the Authority was changed by Act 458 of the Louisiana Legislature, 1997 Regular Session, from the Chenault Industrial Airport Authority to the Chenault International Airport Authority. This change was effective on August 15, 1997.

The accounting and reporting policies of the Authority conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana *Adopted Audit and Accounting Guide*, and to the AICPA industry audit guide, *Audit of State and Local Governmental Units*.

A. Fund Accounting

The accounts of the Authority are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three generic fund types and two broad funds categories as follows:

CHENNAI INTERNATIONAL AIRPORT AUTHORITY
SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (DAMP BASIS) AND ACTUAL
Fiscal Year Ended June 30, 1987
With Comparative Actual Amounts for Fiscal Year Ended June 30, 1986
(continued)

	1987		Variance Favorable (-)/Unfavorable	1986
	Budget	Actual		Actual
Excess of revenues over expenditures	2,247,898	3,504,483	1,256,585	2,848,921
Other financing sources (uses):				
Operating transfers out	(1,075,808)	(1,481,818)	(406,010)	(5,822,385)
Excess (deficiency) of revenues over expenditures and other uses	1,172,090	2,022,665	791,575	(2,178,464)
Fund balance at beginning of year	340,813	804,815	464,002	2,553,500
Fund balance at end of year	\$ 1,484,702	\$ 2,828,235	\$ 1,144,124	\$ 804,815

See accompanying notes to financial statements.

CHEMMULT INTERNATIONAL AIRPORT AUTHORITY
SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (SNAP BASIS) AND ACTUAL

Fiscal Year Ended June 30, 1997

With Comparative Actual Amounts for Fiscal Year Ended June 30, 1996

	1997		Variance Favorable (Disadvantage)	1996
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 3,080,800	\$ 3,945,342	\$ 864,542	\$ 3,858,802
Fees	1,837,700	1,848,880	1,180	1,813,278
Interest	80,000	88,200	8,200	183,843
Miscellaneous	20,000	82,120	62,120	90,843
Total revenues	<u>5,038,500</u>	<u>5,964,542</u>	<u>926,282</u>	<u>5,956,866</u>
Expenditures:				
Salaries	655,458	682,378	26,920	689,693
Employee benefits and taxes	126,458	172,578	46,120	158,161
Travel	52,000	22,848	29,152	33,622
Rentals	13,500	12,821	679	52,768
Insurance	141,822	85,322	56,500	112,482
Telephone and utilities	78,753	85,852	7,099	82,304
Maintenance	58,585	38,224	20,361	38,558
Contract fees	182,780	187,821	5,041	143,880
Fire protection	591,887	598,518	6,631	680,000
Legal and professional services	42,500	37,891	4,609	58,822
Advertising	3,281	16,473	(13,192)	7,888
Architectural and engineering	26,800	28,888	2,088	71,873
Miscellaneous contractual	83,380	38,000	45,380	24,230
Intergovernmental	180,800	188,880	8,080	-
State required tax payment	120,800	128,000	7,200	115,344
Business development	9,750	18,780	9,030	12,154
Maintenance supplies	29,128	18,888	10,240	28,288
Office expense	14,308	14,500	192	15,378
Vehicles/fuel and repairs	82,858	32,760	50,098	32,812
Major repairs	688,008	291,321	396,687	157,373
Capital outlay	151,808	18,782	133,026	218,851
Total expenditures	<u>3,208,018</u>	<u>3,481,808</u>	<u>273,790</u>	<u>3,779,483</u>
Excess of revenues over expenditures	<u>2,217,000</u>	<u>2,584,458</u>	<u>1,187,292</u>	<u>2,645,021</u>

(Continued to next page)

Totals (Memorandum Only)

	1987	1988
\$	3,840,340	\$ 3,840,832
	1,840,890	1,840,378
	111,264	328,298
	60,129	10,843
---	651,901	180,808
---	<u>5,801,626</u>	<u>5,801,113</u>
	514,500	580,834
	20,946	31,820
	1,410,249	1,189,378
	75,087	80,818
	281,821	187,873
	<u>1,999,604</u>	<u>6,440,691</u>
	120,080	605,908
---	283,780	283,878
---	<u>4,647,686</u>	<u>9,367,389</u>
---	2,263,170	(3,661,872)
	1,481,679	5,027,308
---	<u>(1,481,679)</u>	<u>(5,027,308)</u>

	2,263,170	(3,661,872)
---	<u>1,999,604</u>	<u>5,650,308</u>
\$	<u>4,287,444</u>	\$ <u>1,999,604</u>

CHESAULT INTERNATIONAL AIRPORT AUTHORITY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-ALL GOVERNMENTAL FUND TYPES
 Fiscal Year Ended June 30, 1993

With Comparative Totals for Fiscal Year Ended June 30, 1992

	Governmental Fund Types		
	Special Revenues	Debt Service	Capital Projects
Revenues:			
Taxes	\$ 3,045,340	\$ -	\$ -
Fees	1,840,880	-	-
Interest	58,028	27,232	26,114
Miscellaneous	62,129	-	-
Grant proceeds	-	-	591,820
Total revenues	<u>5,006,377</u>	<u>27,232</u>	<u>617,934</u>
Expenditures:			
Current operating:			
Personnel services	854,809	-	-
Taxes	27,845	-	-
Contractual services	1,412,249	-	-
Supplies and materials	73,897	-	-
Repairs and maintenance	221,821	-	-
Capital outlays	76,787	-	1,822,247
Debt service:			
Principal retirement	-	120,000	-
Interest and fiscal charges	-	283,190	-
Total expenditures	<u>2,651,608</u>	<u>403,190</u>	<u>1,822,247</u>
Excess (deficiency) of revenues over expenditures	<u>2,354,769</u>	<u>(375,958)</u>	<u>(204,313)</u>
Other financing sources (uses):			
Operating transfers in	-	305,900	1,658,029
Operating transfers (out)	[1,481,979]	-	-
Total other financing sources (uses)	<u>[1,481,979]</u>	<u>305,900</u>	<u>1,658,029</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>872,790</u>	<u>38,942</u>	<u>453,716</u>
Fund balance at beginning of year	<u>584,875</u>	<u>582,504</u>	<u>789,595</u>
Fund balance at end of year	<u>\$ 2,025,279</u>	<u>\$ 621,446</u>	<u>\$ 1,243,311</u>

See accompanying notes to financial statements

Adjusted Groups		Totals (Manufacture Only)	
General Long-Term Debt	Debtors Paid Asset	1997	1998
\$ -	\$ -	\$ 837,551	\$ 656,828
-	-	2,809,088	1,788,808
-	-	39,528	8,828
-	-	17,881	12,565
-	-	32,588	1,817
-	-	7,425	5,158
-	-	914,585	83,533
-	-	1,851,389	8,778
-	-	881,921	180,000
-	84,934,447	84,934,447	83,584,327
2,842,844	-	2,842,844	2,791,168
632,356	-	632,356	632,824
<u>\$ 3,275,600</u>	<u>\$ 84,934,447</u>	<u>\$ 74,885,781</u>	<u>\$ 89,521,837</u>
\$ -	\$ -	\$ 918,488	\$ 126,828
-	-	8,128	7,685
-	-	395,882	482,888
-	-	1,851,389	8,778
3,275,600	-	3,275,600	3,285,088
3,275,600	-	4,809,888	4,075,896
-	84,934,447	84,934,447	83,584,327
-	-	-	789,828
-	-	632,356	632,824
-	-	2,678,278	681,878
-	84,934,447	88,185,851	85,282,941
<u>\$ 3,275,600</u>	<u>\$ 84,934,447</u>	<u>\$ 74,885,781</u>	<u>\$ 89,521,837</u>

CHICKWALT INTERNATIONAL AIRPORT AUTHORITY
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1997

With Comparative Totals for June 30, 1996

	Governmental Fund Types		
	Special Revenue	Debt Service	Capital Projects
ASSETS			
Cash	\$ 637,551	\$ -	\$ -
Certificates of Deposit	1,710,808	508,000	790,800
Receivables:			
Taxes	29,878	-	-
Interest	5,185	8,427	878
Other	32,980	-	-
Deposits	1,428	-	-
Reimbursement reserve account	-	174,898	-
Due from other funds	632,487	9,891	408,671
Due from the State of Louisiana	-	-	851,981
General fixed assets	-	-	-
Retained to be provided for retirement of general long-term debt	-	-	-
Amount available in debt service fund	-	-	-
Total assets	\$ 3,102,147	\$ 632,216	\$ 2,052,351
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	\$ 48,820	\$ -	\$ 88,880
Account expenses	6,158	-	-
Contracts payable	-	-	358,682
Due to other funds	418,007	-	832,487
Reimbursement contracts, State of Louisiana	-	-	-
Total liabilities	472,985	-	1,280,050
Fund equity:			
Investment in general fixed assets	-	-	-
Fund balance:			
Reserved for construction and repairs	-	-	1,081,773
Unreserved	-	832,216	-
Designated for debt service	2,629,278	-	-
Unassigned	-	-	-
Total fund equity	2,629,278	832,216	1,081,773
Total liabilities and fund equity	\$ 3,102,147	\$ 632,216	\$ 2,052,351

See accompanying notes to financial statements.

In accordance with Government Auditing standards, we have also issued a report dated November 10, 1997, on our consideration of the Authority's internal control and a report dated November 10, 1997, on its compliance with laws and regulations.

Stull & Associates

November 10, 1997

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Chesault International Airport Authority
Lake Charles, Louisiana

We have audited the accompanying general purpose financial statements of the Chesault International Airport Authority and the combining and individual fund financial statements of Chesault International Airport Authority as of and for the year then ended June 30, 1997, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the accounts 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Chesault International Airport Authority as of June 30, 1997, and the results of its operations of the individual funds for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds of the Chesault International Airport Authority as of June 30, 1997, and the results of its operations of such funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining and individual fund financial statements. The supporting schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Chesault International Airport Authority. Such information has been subjected to the auditing procedures applied in the audit of the general purpose, combining and individual fund financial statements and, in our opinion, the information is fairly stated in all material respects in relation to such financial statements taken as a whole.

**INDEPENDENT AUDITOR'S REPORTS ON INTERNAL CONTROL,
STRUCTURE AND COMPLIANCE**

<i>Independent Auditor's Report on Compliance Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards</i>	16
<i>Independent Auditor's Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards</i>	31-32

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
LAKE CHARLES, LOUISIANA

ANNUAL FINANCIAL REPORT
Year Ended June 30, 1997

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Title Page	
Board of Commissioners and Executive Director	
Table of Contents	
FINANCIAL SECTION	
Independent Auditor's Report	1-2
Combined Balance Sheet-All Fund Types and Account Groups	3-4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances-All Governmental Fund Types	5-6
Statement of Revenues, Expenditures and Changes in Fund Balance -Budget (GAAP Basis) and Actual-Special Revenue Fund	7-8
Notes to Financial Statements	9-22
Financial Statements of Individual Funds:	
Debt Service Funds	
Combining Balance Sheet	23
Combining Statement of Revenue, Expenditures, and Changes in Fund Balance	24
Capital Projects Funds	
Combining Balance Sheet	25-26
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	27-28
SUPPLEMENTARY INFORMATION	
Schedule of Pay Non-Paid Commissioners	29

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY

Lake Charles, Louisiana

BOARD OF COMMISSIONERS

June 30, 1987

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Daryl V. Burchel	Vice President
Michael G. Eason	Secretary/Treasurer
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EXECUTIVE DIRECTOR

Max E. Jones

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**MONROE INTERNATIONAL AIRPORT AUTHORITY
LAKE CHARLES, LOUISIANA**

ANNUAL FINANCIAL REPORT

JUNE 30, 1997

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

Release Date **JAN 2 1998**

STATE OF LOUISIANA
LEGISLATIVE AUDITOR
Baton Rouge, Louisiana

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 elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the audit committee, management, and other state and federal audit agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Smith & Associates

November 10, 1987

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

Board of Commissioners
Chenavault International Airport Authority
Lake Charles, Louisiana

We have audited the general purpose financial statements of the Chenavault International Airport Authority as of and for the year ended June 30, 1997, and have issued our report thereon dated November 14, 1997.

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

The management of Chenavault International Airport Authority is responsible for establishing and maintaining internal controls. In fulfilling this responsibility, estimations and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of internal controls 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 the general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal controls, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the controls to future periods is subject to risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of Chenavault International Airport Authority for the year ended June 30, 1997, we obtained an understanding of the internal controls, with respect to the internal controls, 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 general purpose financial statements and not to provide an opinion on the internal controls. Accordingly, we do not express such an opinion.

Our consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material