

In our opinion, the Houma-Terrebonne Airport Commission complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1997.

Internal Control Over Compliance

The management of the Houma-Terrebonne Airport Commission 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 the Houma-Terrebonne Airport Commission'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 operation 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 the Houma-Terrebonne Airport Commission, management and the U. S. Department of Transportation, Federal Aviation Administration. However, this report is a matter of public record and its distribution is not limited.



August 13, 1997

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Commissioners
Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government
Houma, Louisiana

Compliance

We have audited the compliance of the Houma-Terrebonne Airport Commission 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 its major federal program for the year ended June 30, 1997. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Houma-Terrebonne Airport Commission's management. Our responsibility is to express an opinion of Houma-Terrebonne Airport Commission'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. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 the Houma-Terrebonne Airport Commission's compliance with those 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 the Houma-Terrebonne Airport Commission's compliance with those requirements.

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 the Houma-Terrebonne Airport Commission, management and the U.S. Department of Transportation, Federal Aviation Administration. However, this report is a matter of public record and its distribution is not limited.



August 13, 1997

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

To the Board of Commissioners
Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government
Houma, Louisiana

We have audited the financial statements of the Houma-Terrebonne Airport Commission as of and for the year ended June 30, 1997, and have issued our report thereon dated August 13, 1997. 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 Houma-Terrebonne Airport Commission'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 those 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 Houma-Terrebonne Airport Commission'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.

HOUMA-TERRIBONNE AIRPORT COMMISSION
 Terrebonne Parish Consolidated Government
 Houma, Louisiana

Schedule of Expenditures of Federal Awards
 Year Ended June 30, 1997

<u>Federal Grants/Pass Through Grant/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Transportation</u>			
Federal Aviation Administration			
Airport Improvement Program			
Runway 10/35 Extension Phase II	20.905	DOT FA 95 5W - 0003	\$ <u>531,110</u> *

* - denotes major program

Note: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Schedule of Compensation Paid Board of Commissioners
For the Year Ended June 30, 1997

The schedule of Compensation paid Board of Commissioners is presented in compliance with the House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As provided by Louisiana Revised Statute 2:503, the board members have elected the monthly meeting method of compensation. Under this method, the chairman receives a monthly salary, and the chairman and other board members receive a payment for each meeting attended with a limit of two meetings per month. The chairman receives \$75 per meeting and \$150 per month salary. The board members receive \$60 per meeting. The compensation is included in personal services expense on the statement of revenues and expenses.

Augustus Brown	\$ 1,260
Albert Guindy	1,260
Leopold C. LaCoste	1,230
John D. Montano, Chairman	3,450
John Wemann	<u>1,260</u>
Total	\$ <u>8,450</u>

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**INDEPENDENT AUDITOR'S REPORT ON
ADDITIONAL INFORMATION**

To the Board of Commissioners
Houma-Terrebonne Airport Commission

Our report on our audit of the general purpose financial statements of the Houma-Terrebonne Airport Commission for the year ended June 30, 1997 appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Information Schedule of Compensation Paid Board of Commissioners is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



August 13, 1997

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 9 - PRIOR PERIOD ADJUSTMENT

At June 30, 1996 the Commission had recorded on its books of record \$473,000 due from the Terrebonne Parish Consolidated Government.

This amount due from the Terrebonne Parish Consolidated Government represented lease payments due to the Airport Commission for the period from July 1, 1992 through June 30, 1996. The Airport Commission negotiated an agreement with the parish government for in-kind services to be rendered to pay the amount due on this lease. Such agreement states that the rent on Commission land leased by the parish government would be satisfied by the parish government providing fire and police protection and various maintenance operations on Commission property. This document also states that the agreement would be applied retroactively to the balance due the Commission by the parish government. On November 15, 1996 this agreement was signed by the Commission Chairman and Parish President. As this agreement satisfies the \$473,000 due from the parish government, the Commission has made an entry on its books of record to remove the receivable and adjust retained earnings accordingly.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 7 - LEASES

The Airport Commission leases various parcels of land and/or buildings located at the airport to various aviation, industrial and business concerns. These are noncancelable leases with obligated terms ranging from one to ten years or other maximums established by Louisiana Revised Statutes. All leases contain escalation clauses. The leases are subject to state bid laws and final approval by the Federal Aviation Administration under the terms of the quit-claim deed signed April 9, 1958. The following is a schedule of future minimum rental income from noncancelable operating revenue leases as of June 30, 1997:

Year Ending	
1998	\$ 700,761
1999	424,328
2000	312,750
2001	304,655
2002	100,459
Thereafter	<u>1,325,664</u>
	<u>\$3,127,607</u>

NOTE 8 - CONTRIBUTED CAPITAL

Amounts contributed to the Airport Commission to acquire or construct fixed assets are recognized as contributed capital. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired from such contributions. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net income. The following is a summary of contributed capital as of June 30, 1997:

Contributions from:	
Federal Aviation Administration	\$ 7,084,527
State of Louisiana	752,266
United States Department of Commerce	310,500
City of Houma	100,000
Terrebonne Parish Consolidated Government	201,001
Donations	<u>120,296</u>
	8,968,612
Less amortization	<u>(2,383,151)</u>
	<u>\$ 6,585,461</u>

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 5 - PENSION PLAN

Effective January 1987, the Commission also provides pension benefits for all of its full-time employees through a defined contribution plan administered by the Public Employees Benefit Services Corporation as authorized by the pension plan contract dated January 1987. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of employment. The plan requires that both the employee and the Commission contribute an amount equal to five per cent of the employee's base salary each month. For employees hired prior to July 1, 1993 the Commission's contributions for each employee (and interest allocated to the employee's account) are fully vested after three years of continuous service. Employees hired subsequent to July 1, 1993 receive vesting under a seven year sliding vesting schedule. Commission contributions for, and interest forfeited by, employees who leave employment before vesting are used to reduce the Commission's current-period contribution requirement.

The Commission's total payroll in fiscal year 1997 was \$ 148,870. The Commission's contributions were calculated using the base salary amount of \$ 148,837 for full-time employees. The Commission and the employees made the required five percent contributions, \$ 7,342, or \$ 14,684 in total.

NOTE 6 - POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Houma-Terrebonne Airport Commission provides certain continuing health care and life insurance benefits for its retired employees. All of the Airport Commission's employees become eligible for these benefits if they reach normal retirement age while working for the Commission. These benefits for retirees, as well as similar benefits for active employees, are provided through an insurance company whose monthly premiums are paid by the Commission, except for \$ 40 paid by the employee for dependent coverage. For the year ended June 30, 1997 the cost of retiree benefits totaled \$7,941. Effective July 1, 1993 employees retiring with 10 or more years of service and age 65 or greater are eligible to participate in a Medicare Supplement program sponsored by the Commission with the retiree share of the premium set by the Commission.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Note to Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 3 - FIXED ASSETS

A summary of fixed assets at June 30, 1997 is as follows:

Land	\$ 951,000
Buildings	252,000
Improvements other than buildings	10,705,000
Furniture and equipment	300,187
Construction in progress	<u>129,014</u>
	12,497,044
Less accumulated depreciation	<u>(3,885,434)</u>
Total	\$9,611,610

NOTE 4 - DEFERRED COMPENSATION PLAN

The Houma-Terrebonne Airport Commission offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan is administered by a third party, the Public Employees Benefit Corporation. The plan, which is available to all Commission employees, permits employees to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights (until paid or made available to the employee or other beneficiary) are solely the property and rights of the Airport Commission (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Commission's general creditors. Participant rights under the plan are equal to those of general creditors of the Commission in an amount equal to the fair market value of the deferred account for each participant.

The deferred compensation liability and asset are equal to the total cash balances for each participant's account as of June 30, 1997.

The Commission has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 2 - RECEIVABLES

The following is a summary of receivables at June 30, 1997:

	<u>Current</u>	<u>Long Term</u>
Rent receivable	\$ 40,136	\$ -0-
Due from tenants for parking lots	4,197	1,696
Notes receivable	<u>16,660</u>	<u>19,612</u>
	<u>\$ 60,993</u>	<u>\$ 21,748</u>

Because the Federal Aviation Administration required fencing of airport property, many tenant parking lots were no longer convenient for customer use. As a result, the commission entered into agreements with several tenants to build new parking lots and finance the construction of these lots over the remaining lease terms. At June 30, 1997, the amount due from tenants for parking lots totals \$ 6,133.

On December 29, 1997, the Commission sold the building acquired from the lease termination of July 1, 1987, to Shield Coat, Incorporated, for a 10-year note receivable of \$115,600. On March 3, 1988, the Commission sold the building acquired from the lease default of October 5, 1987, to Walker Watts Aviation for a 10-year note receivable of \$18,730. On May 21, 1992, the Commission sold buildings built by the Commission on January 1, 1995, to Walker Watts Aviation for a 10-year note receivable of \$ 8,000. On June 24, 1992, the Commission sold a building acquired from lease termination to Gulf Air Enterprises, Inc. for a 10-year note receivable of \$ 64,000. On February 18, 1993 the Commission sold a building acquired from lease termination to Guffard Equipment Corporation for a 10-year note receivable of \$ 6,542. The five notes receivable are due in monthly installments of \$ 664, \$ 139, \$ 139, \$ 726, and \$ 73 respectively. All notes are non-interest bearing other than the receivable from Gulf Air Enterprises, Inc. which bears interest of 10 percent per annum. At June 30, 1997, the amount due from these notes receivable totals \$ 38,262.

The Airport Commission considers all accounts receivable to be fully collectible. Uncollectible accounts are recognized as an expense at the time information becomes available that indicates the accounts are uncollectible.

Houma/Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 1 - Summary of Significant Account Policies (Cont.)

E. INVESTMENTS (Cont.)

In addition to the aforementioned investments, the Airport Commission participates in a deferred compensation plan (note 5). At June 30, 1997, the plan administrator held fixed annuities for plan participants valued at \$ 185,255. These assets are valued at fair market value.

F. VACATION AND SICK LEAVE

Employees of the Airport Commission are granted from 10 to 15 days of vacation leave each year, depending on their length of service.

In addition, employees are granted 10 days of sick leave each year. A maximum of 10 days of unused vacation leave may be carried forward from year to year. Sick leave can be accumulated not to exceed 90 days. Upon separation of employment, employees are compensated for accumulated vacation leave at the employee's current rate of pay. Employees retiring with more than 10 years of service are compensated for 50 percent of the accumulated sick leave to a maximum of 45 days. At June 30, 1997, employees of the airport commission have accumulated \$ 21,388 of employee leave benefits.

G. 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 those estimates.

Hoama Terriborne Airport Commission
Terriborne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 1 - Summary of Significant Accounting Policies (Cont.)

D. CASH AND CASH EQUIVALENTS

The government money market fund is secured by pooled government securities. Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

For purposes of the statement of cash flows, the Commission considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

E. INVESTMENTS

Under state law, the Commission may invest in United States bonds, treasury notes, or certificates. At June 30, 1997, the Commission holds investments totaling \$3,548,375 as follows:

	<u>Cost</u>	<u>Market Value</u>
Government National Mortgage Assoc.	\$ 411,099	\$ 452,647
Federal National Mortgage Assoc.	1,658,460	1,837,028
Federal Home Loan Mortgage Corp.	1,382,426	1,269,700
Total	<u>\$3,452,985</u>	<u>\$3,549,375</u>

These investments are stated on the balance sheet at market value, which was less than cost by \$103,305 at June 30, 1997. The investments are registered in the name of the broker for the benefit of the Airport Commission and are held by the broker. Because the underlying securities are not held in the Airport Commission's name and are not held by the Airport Commission or its agent, they are considered uninsured and unregistered (Category 3) in applying the credit risk of GASB Codification Section I 50.104. The Commission's investment philosophy as related to these investments is to hold these investments until maturity. Such philosophy results in no loss of principal regardless of market conditions. During the year ended June 30, 1997 the Commission recognized \$38,580 of unrealized depreciation on such investment.

Hoama-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 1 - Summary of Significant Accounting Policies (Cont.)

C. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting also refers to the timing of the measurements made, regardless of the measurement focus applied. The Airport Commission's records are maintained on a cash basis of accounting. However, the Enterprise Fund reported in the accompanying financial statements has been converted to the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. The Enterprise Fund is reported using a flow of economic resources measurement focus and a determination of net income and capital maintenance.

D. CASH AND CASH EQUIVALENTS

Under state law, the commission 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. At June 30, 1997, the commission had cash and cash equivalents totaling \$1,267,819 as follows:

Petty cash	\$	200
Interest bearing demand deposits		932,266
Government money market fund		<u>1,335,253</u>
Total	\$	<u>1,267,819</u>

These deposits are stated at cost, which equals 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 bank. The 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. Bank deposits were fully secured during the year ended June 30, 1997.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 1 - Summary of Significant Accounting Policies (Cont.)

B. FIXED ASSETS AND LONG-TERM LIABILITIES (Cont.)

method over the estimated useful life of the individual asset. Estimated useful lives of assets range from 5 to 40 years as follows:

	Estimated Life <u>in Years</u>
<u>Projects</u>	
Master Plan Phase I - taxiways and paving	40
Runways and parking apron	10-40
Runways and approach lighting	7-30
Hangers	20-30
Buildings	15-40
Equipment	3-40
Automobiles and trucks	5-14
Office furniture and fixtures	5-20
Land improvements	20-40
Industrial park improvements	40
Miscellaneous	5-20

Airport improvements generally have been constructed or acquired with contributions-in-aid of construction. Depreciation shown on the statement of revenues and expenses includes depreciation of assets acquired from contributions. The depreciation applicable to contributed capital is closed to the contributed capital account rather than retained earnings.

By a quit-claim deed executed on April 9, 1956, the Houma-Terrebonne Airport Commission acquired 1743.47 acres of airport property and existing facilities that were transferred to the City of Houma and the Terrebonne Parish Police Jury by the General Services Administration pursuant to the authority contained in the Federal Property and Administrative Services Act of 1949 and the Surplus Property Act of 1944. Administration of this property is governed by the provisions of this quit-claim deed. The quit-claim deed is carried on the books at the nominal value of \$1 and, accordingly, no depreciation is included in the accompanying financial statements.

Long-term liabilities are recognized within the Enterprise Fund.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 1 - Summary of Significant Accounting Policies (Cont.)

1. Appointment of voting majority of governing board
2. Imposes its will
3. Financial benefit or burden
4. Fiscally dependent
5. Designate management

Because the consolidated government appoints a majority of the governing board and thereby can impose its will, the Commission was determined to be a component unit of the Terrebonne Parish Consolidated Government, the governing body of the parish and the governmental body with financial accountability. The accompanying financial statements present information only on the funds maintained by the Commission and do not present information on the consolidated government, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

A. FUND ACCOUNTING

The Houma-Terrebonne Airport Commission 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 primarily through user charges.

B. FIXED ASSETS AND LONG-TERM LIABILITIES

Fixed assets of the Airport Commission, excluding donated property and equipment, are valued at cost. All donated property and equipment are recorded at estimated fair market value on the date of the donation. Assets are capitalized if costs exceed \$500 and if they have a useful life of at least one year. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Fixed assets reported on the balance sheet are net of accumulated depreciation. Depreciation is computed using the straight-line

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 1 - Summary of Significant Accounting Policies

The Houma-Terrebonne Airport Commission was created by the City of Houma and the Terrebonne Parish Police Jury in 1967, as authorized by Louisiana Revised Statute 2:802. On January 9, 1984, after a vote of the citizens of Terrebonne Parish, the City of Houma and the Terrebonne Parish Police Jury were consolidated to form the Terrebonne Parish Consolidated Government. The Airport Commission is governed by a five-member board. The Terrebonne Parish Consolidated Government appoints four members, and the remaining member is appointed by the other board members. The Airport Commission is responsible for maintaining and operating the Houma-Terrebonne Airport, which provides airport facilities and services that accommodate general aviation.

The Houma-Terrebonne Airport has an aviation/industrial complex of 1,800 acres. Ninety percent is oil field related and produces approximately 160 leases. A busy helicopter oil field shuttle dominates the flying operations. The airport is equipped with a full instrument landing system. Through four fixed based operators, a full range of aviation services results in approximately 100,000 aircraft movements each year. Unlimited potential exists for aviation and industrial development with direct flight line and parking apron access available on 600 leaseable acres. Hard-surfaced roads, access to major highways, water canals, and port facilities, as well as a large non-union labor pool, are easily available.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards for state and local governmental entities. The GASB has issued a codification of governmental accounting and financial reporting standards (1987). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government. The accompanying financial statements have been prepared in accordance with such principles.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Financial accountability by the consolidated government is determined on the basis of the following criteria:

Houma-Terrebonne Airport Commission
 Terrebonne Parish Consolidated Government
 Proprietary Fund - Enterprise Fund

Statement of Cash Flows
 Increase in Cash and Cash Equivalents
 For the Year Ended June 30, 1997

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	\$ 468,330
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	272,511
Unrealized appreciation on investment valuation	(30,588)
(Increase) decrease in:	
Receivables	520,604
Prepaid insurance	(778)
Increase (decrease) in:	
Accounts payable	(1,854)
Deferred revenues	3,002
Compensated absences payable	<u>2,045</u>
Net cash flows from operating activities	<u>1,211,173</u>
CASH FLOWS USED IN INVESTING ACTIVITIES	
Purchases of property, plant, and equipment	(668,412)
Purchases of investments	(502,037)
Principal returns of investments	<u>184,837</u>
Net cash flows used in investing activities	<u>(1,275,632)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Contributions in aid of construction	<u>842,172</u>
Net increase in cash and equivalents	577,713
CASH AND EQUIVALENTS, beginning	<u>690,106</u>
CASH AND EQUIVALENTS, ending	<u>\$ 1,267,819</u>

The accompanying notes are an integral part of this statement.

Houma-Terrebonne Airport Commission
 Terrebonne Parish Consolidated Government
 Proprietary Fund - Enterprise Fund

Statement of Revenues, Expenses, and Changes in Retained Earnings
 For the Year Ended June 30, 1997

OPERATING REVENUES	
Rents and leases	\$ 752,726
Commissions on fuel	25,978
Other revenues	<u>3,649</u>
Total operating revenues	<u>782,353</u>
OPERATING EXPENSES	
Personal services	217,472
Contractual services	71,247
Materials and supplies	29,008
Repairs and maintenance	59,009
Other expenses	14,239
Depreciation expense	<u>272,511</u>
Total operating expenses	<u>663,486</u>
OPERATING INCOME	<u>118,867</u>
NONOPERATING INCOME	
Interest income	205,924
Unrealized appreciation on investment valuation (Note 1-E)	<u>30,689</u>
Total nonoperating income	<u>236,613</u>
NET INCOME	448,330
ADD DEPRECIATION OF FIXED ASSETS ACQUIRED BY CONTRIBUTED CAPITAL	<u>176,753</u>
INCREASE IN RETAINED EARNINGS	625,083
RETAINED EARNINGS AT BEGINNING OF YEAR	7,150,018
Prior period adjustment (Note 8)	<u>(473,300)</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 7,299,761</u>

The accompanying notes are an integral part of this statement.

HoUMA-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government
Proprietary Fund - Enterprise Fund
(All Fund Types and Account Groups)

Balance Sheet
June 30, 1997

ASSETS

Current assets

Cash and cash equivalents (note 1-C)	\$ 1,287,819
Investments (note 1-E)	3,548,378
Receivables (note 2)	68,783
Due from Federal Aviation Administration	28,589
Prepaid insurance	18,703
Total current assets	<u>4,953,272</u>

Receivables (note 2)

21,748

Deferred compensation benefits (notes 1-E and 5)

188,222

Fixed assets, net of accumulated

depreciation (note 3)

6,635,614

TOTAL ASSETS

\$12,747,059

LIABILITIES AND FUND EQUITY

Liabilities

Current liabilities

Accounts payable	\$ 6,208
Deferred revenues	48,828
Total current liabilities	<u>55,036</u>

Deferred compensation benefits payable (note 5)

188,222

Compensated absences payable (note 1-F)

21,368

Total liabilities

264,626

Fund equity

Contributed capital, net of accumulated

amortization (note 4)

8,195,481

Retained earnings - unreserved

2,299,131

Total fund equity

10,494,612

TOTAL LIABILITIES AND FUND EQUITY

\$12,747,059

The accompanying notes are an integral part of this statement.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Houma-Terrebonne Airport Commission taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.



August 18, 1997

**Martin
and
Follegain**

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Chartered Public Accountants
of Professional Corporation

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government
Houma, Louisiana

We have audited the accompanying general purpose financial statements of the Houma-Terrebonne Airport Commission, a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended June 30, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the Houma-Terrebonne Airport Commission's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; and the standards applicable to financial audits contained in 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 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. 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 Houma-Terrebonne Airport Commission as of June 30, 1997, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 13, 1997 on our consideration of the Houma-Terrebonne Airport Commission's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

General Purpose Financial Statements
and Independent Auditor's Report
As of and for the Year Ended June 30, 1997
With Supplemental Information Schedule

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