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**LAFAYETTE REGIONAL AIRPORT  
A COMPONENT UNIT OF THE CONSOLIDATED  
GOVERNMENT OF LAFAYETTE, LOUISIANA**

**ANNUAL FINANCIAL REPORT  
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 8-11-04

LAFAYETTE REGIONAL AIRPORT

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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
Lafayette Airport Commission  
Lafayette, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Lafayette Regional Airport, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of and for the year ended December 31, 2003, which collectively comprise the Airport's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lafayette Regional Airport management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the provisions of Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide. Those 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Lafayette Regional Airport, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Lafayette Regional Airport adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis-For State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis-For State and Local Governments: Omnibus; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, as of January 1, 2002. This results in a change in the format and content of the basic financial statements.

WMDDH

In accordance with Government Auditing Standards, we have also issued our report dated March 30, 2004, on our consideration of the Lafayette Regional Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and Budgetary Comparison information on pages 4 through 12 and 34 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and the supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of passenger facility charges collected and expended is presented for purposes of additional analysis as specified in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Wright, Moore, DeHart,  
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,  
DUPUIS & HUTCHINSON, L.L.C.  
Certified Public Accountants

March 30, 2004

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (MD&A) provides an overview of the Lafayette Regional Airport's activities and financial performance for the fiscal year ended December 31, 2003. The Airport implemented Governmental Accounting Standards Board Statement 34 for the first time for fiscal year 2002.

### AIRPORT ACTIVITIES & HIGHLIGHTS

- In 2003, the Lafayette Regional Airport's enplanements were 160,185, a slight increase of 612, verses enplanements of 159,573 in 2002. Enplanements decreased dramatically during the first quarter of 2003, which caused the Airport to begin an advertising and marketing campaign to draw more passengers to "Fly Lafayette". Cargo operations increased by 3 percent from 2,123,261 pounds in 2002 to 2,187,248 pounds in 2003.
- Atlantic Southeast Airlines (ASA) replaced its turbo-prop aircraft with regional jets. The upgrade to regional jets provides additional seats as well as enhanced, non-stop passenger service. In addition, ASA relocated to larger operational spaces.
- The annual certification safety inspection of Lafayette Regional Airport was conducted on July 11<sup>th</sup> and 12<sup>th</sup>, 2003. The inspection entailed a complete review of Federal Aviation Regulations Part 139 compliance, including ARFF training and emergency records, the Airport Emergency Plan, safety inspections, Airport Certification Manual, personnel interviews to determine airport awareness and knowledge, and airfield lighting and overall conditions. The inspection went extremely well with no discrepancies or non-compliance items noted by the FAA Inspector.
- In response to the historically low interest rates in 2003, the Airport refinanced its debt through a revenue bond issuance and was able to incur the new debt at a much lower interest rate. The issuance was comprised of \$4,000,000 in taxable and non-taxable revenue bonds.
- The Airport encountered a challenging year with many projects progressing in 2003. Airfield projects include - Taxiway "L" widening and strengthening and Terminal Cargo Apron rehabilitation. Terminal/other facility projects include - terminal flooring, airport maintenance facility improvements, terminal parking lot improvements, and the Airport master plan. Several of these projects are still ongoing at year-end.

### FINANCIAL HIGHLIGHTS

- Operating Revenues increased by 4.5 percent from \$4.9 million to \$5.1 million due to several factors. Passenger Facility Charges increased in 2003 due to this being the first full year of collections at the



\$4.50 rate. Also, the Airport entered into several new lease agreements on facilities resulting in additional revenue of approximately \$120,000. In addition, rental revenues increased slightly due to annual adjustments based on the consumer price index and Lafayette Regional Airport Ordinance 92-1, which establishes rates and charges for terminal space.

- Operating Expenses increased by 15 percent from \$5.6 million to \$6.4 million primarily due to a significant increase in depreciation, insurance, environmental expenses and the Fly Lafayette campaign.
- Non-Operating Income/(Expenses) changed from a net expense of \$20,037 in 2002 to a net expense of \$61,425 in 2003. This increase in net non-operating expenses is mainly due to decreases in the rate of return on various investments held by the Airport. In addition, insurance proceeds received for property damages decreased during the current year.
- Net assets of our business-type activity increased by approximately \$993,000, or nearly 2 percent, net assets of our governmental activities remains unchanged due to the annual transfer of all revenues to our business-type activity.
- Additional funding for Airport operations is received through ad valorem tax revenue, which is transferred into the business-type activities from the governmental activities. In 2003 the Airport received approximately \$1.5 million in revenues, compared to 1.15 in 2002. This increase is attributed to an increase in the millage rate of the Airport. In 2003, the approved millage rate was 1.71 of assessed property values as compared to 2002, when the rate was 1.41.
- Capital grants and contributions received in 2003 were \$867,488 compared to \$1.3 million in 2002. These grants are directly related to the various Airport Improvement Program grants which are funded at the federal and state level and fluctuate from year to year based on availability of funding and stages of project completion.

## **USING THIS REPORT**

This audit report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Airport as a whole and present a longer-term view of the Airport's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Airport's operations in more detail than the government wide statements by providing information about the Airport's most significant funds.

### **Reporting the Airport as a Whole**

The Statement of Net Assets and the Statement of Activities report information about the Airport as a whole and about its activities in a way that helps answer the question "Is the Airport as a whole better or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Airport as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Airport's net assets and changes to these net assets. Net assets (the difference between assets and liabilities) is one way to measure the Airport's financial health, or financial position. Over time, increases or decreases in the Airport's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Airport's property tax base and millage rates, as well as capital grant awards, to assess the overall health of the Airport.

In the Statement of Net Assets and the Statement of Activities, we divide the Airport into two kinds of activities:

- Governmental activities - The Airport's property tax revenue is reported here as well as the transfer of this revenue to the Airport services.
- Business-type activities - The Airport charges fees to customers to help it cover most of the cost of certain services it provides. The Airport's entire cost of operations is reported here.

### **Reporting the Airport's Significant Funds**

The Airport has two funds, both of which are treated as major funds. This report includes fund financial statements, which provides detailed information about these two significant funds. Some funds are required to be established by State law, such as the General Fund. The Airport's two kinds of funds - governmental and proprietary - use different accounting approaches.

- Governmental Funds - These fund types are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash.
- Proprietary Funds - When the Airport charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The Airport's proprietary fund is the same as the business type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

### **THE AIRPORT AS A WHOLE**

The Airport's combined net assets increased in the current year, from \$61.39 million to \$62.38 million. This increase is due to the business-type activities, which accounts for the operations of the Airport. The majority of the increase is due to the increase in the invested in capital assets net of related debt category of \$659,660 as well as the increase in restricted net assets of \$589,546. The restricted net assets category is used to segregate the funds collected relating to the passenger facility charges which are being held to fund a future project. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Airport's governmental and business-type activities.

Table 1  
Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
<b>ASSETS:</b>						
Current assets	\$ 1,235,604	\$ 821,500	\$ 5,792,684	\$ 6,152,069	\$ 7,028,288	\$ 6,973,569
Capital assets	-	-	60,664,143	59,078,693	60,664,143	59,078,693
Total assets	<u>1,235,604</u>	<u>821,500</u>	<u>66,456,827</u>	<u>65,230,762</u>	<u>67,692,431</u>	<u>66,052,262</u>
<b>LIABILITIES:</b>						
Long-Term Debt Outstanding	-	-	3,487,500	3,138,397	3,487,500	3,138,397
Other Liabilities	<u>1,235,604</u>	<u>821,500</u>	<u>584,147</u>	<u>700,238</u>	<u>1,819,751</u>	<u>1,521,738</u>
Total Liabilities	<u>1,235,604</u>	<u>821,500</u>	<u>4,071,647</u>	<u>3,838,635</u>	<u>5,307,251</u>	<u>4,660,135</u>
<b>NET ASSETS:</b>						
Invested in capital assets, net of debt	-	-	54,308,267	53,648,607	54,308,267	53,648,607
Restricted	-	-	2,180,414	1,590,868	2,180,414	1,590,868
Unrestricted	-	-	<u>5,896,499</u>	<u>6,152,652</u>	<u>5,896,499</u>	<u>6,152,652</u>
<b>TOTAL NET ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,385,180</u>	<u>\$ 61,392,127</u>	<u>\$ 62,385,180</u>	<u>\$ 61,392,127</u>



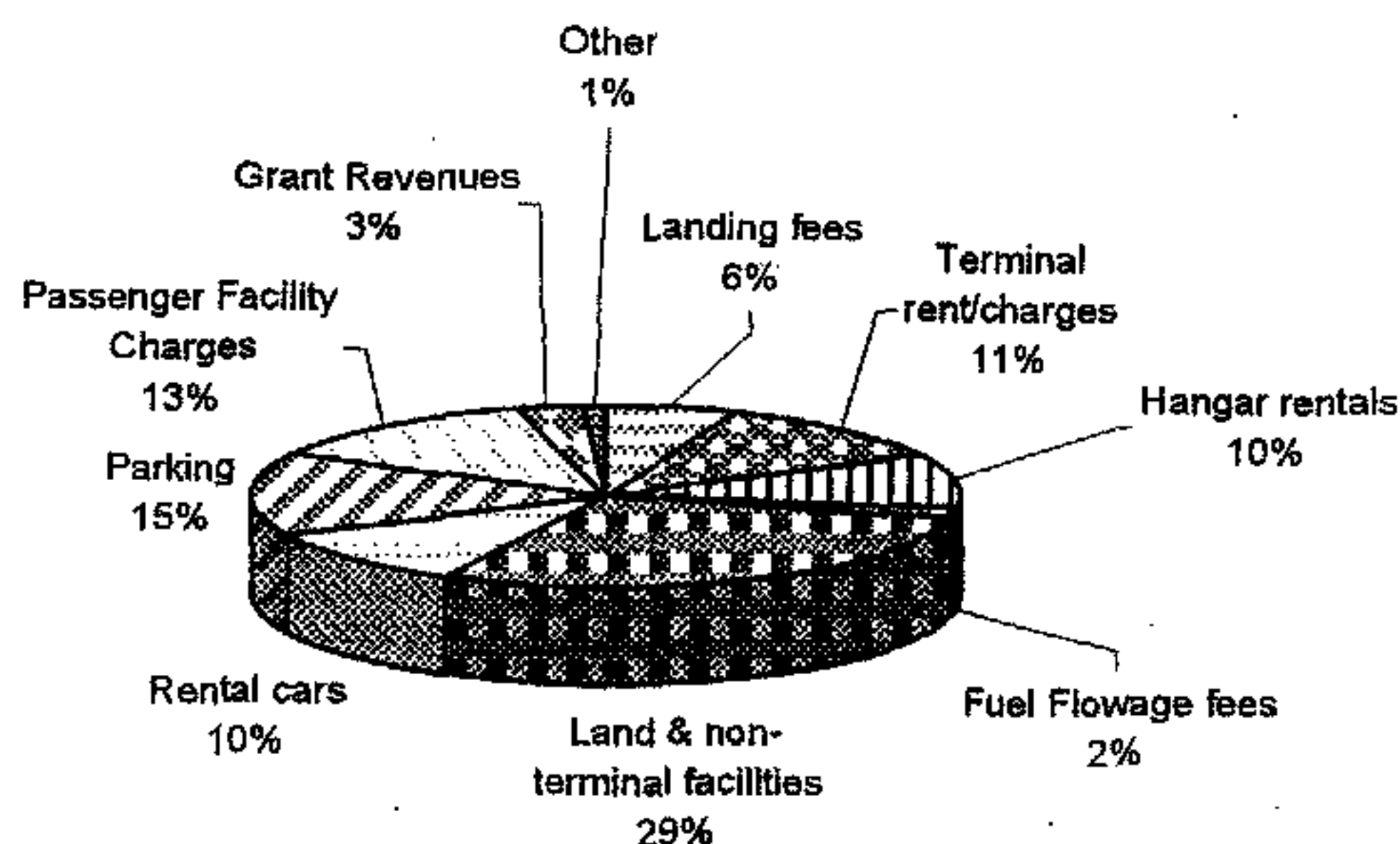
**Table 2**  
**CHANGES IN NET ASSETS**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ -	\$ -	\$4,952,220	\$4,550,600	\$4,952,220	\$4,550,600
Operating grants	-	-	167,651	347,299	167,651	347,299
Capital grants and Contributions	-	-	867,488	1,370,889	867,488	1,370,889
General revenues:						
Property taxes	1,468,850	1,109,689	-	-	1,468,850	1,109,689
State revenue sharing	44,323	39,257	-	-	44,323	39,257
Investment earnings	-	-	87,039	107,636	87,039	107,636
Other general revenues	-	-	131,250	170,574	131,250	170,574
<b>Total revenues</b>	<u>1,513,173</u>	<u>1,148,946</u>	<u>6,205,648</u>	<u>6,546,998</u>	<u>7,718,821</u>	<u>7,695,944</u>
<b>Program expenses</b>						
Administration	-	-	1,008,253	915,963	1,008,253	915,963
Communication & Utilities	-	-	267,846	238,485	267,846	238,485
Supplies & Materials	-	-	63,211	53,826	63,211	53,826
Repairs & Maintenance	-	-	512,885	480,950	512,885	480,950
Security	-	-	676,027	677,617	676,027	677,617
Arff	-	-	510,759	503,325	510,759	503,325
Airfield	-	-	130,143	134,632	130,143	134,632
Contractual Services	-	-	840,063	679,184	840,063	679,184
Miscellaneous	-	-	55,854	48,819	55,854	48,819
Depreciation	-	-	2,381,013	1,913,227	2,381,013	1,913,227
Interest expense	-	-	223,695	257,673	223,695	257,673
Assessor's pension	-	-	51,625	40,574	51,625	40,574
Bad debt expense	-	-	4,394	-	4,394	-
<b>Total expenses</b>	<u>-</u>	<u>-</u>	<u>6,725,768</u>	<u>5,944,275</u>	<u>6,725,768</u>	<u>5,944,275</u>
Excess(deficiency) before special items and transfers	1,513,173	1,148,946	(520,120)	602,723	993,053	1,751,669
Transfers	<u>(1,513,173)</u>	<u>(1,148,946)</u>	<u>1,513,173</u>	<u>1,148,946</u>	<u>-</u>	<u>-</u>
<b>Increase in Net Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 993,053</u>	<u>\$ 1,751,669</u>	<u>\$ 993,053</u>	<u>\$ 1,751,669</u>

**Table 3**  
**REVENUES**

The following chart shows the major sources and percentage of operating revenues of the proprietary fund for the year ended December 31, 2003:

### 2003 Operating Revenues

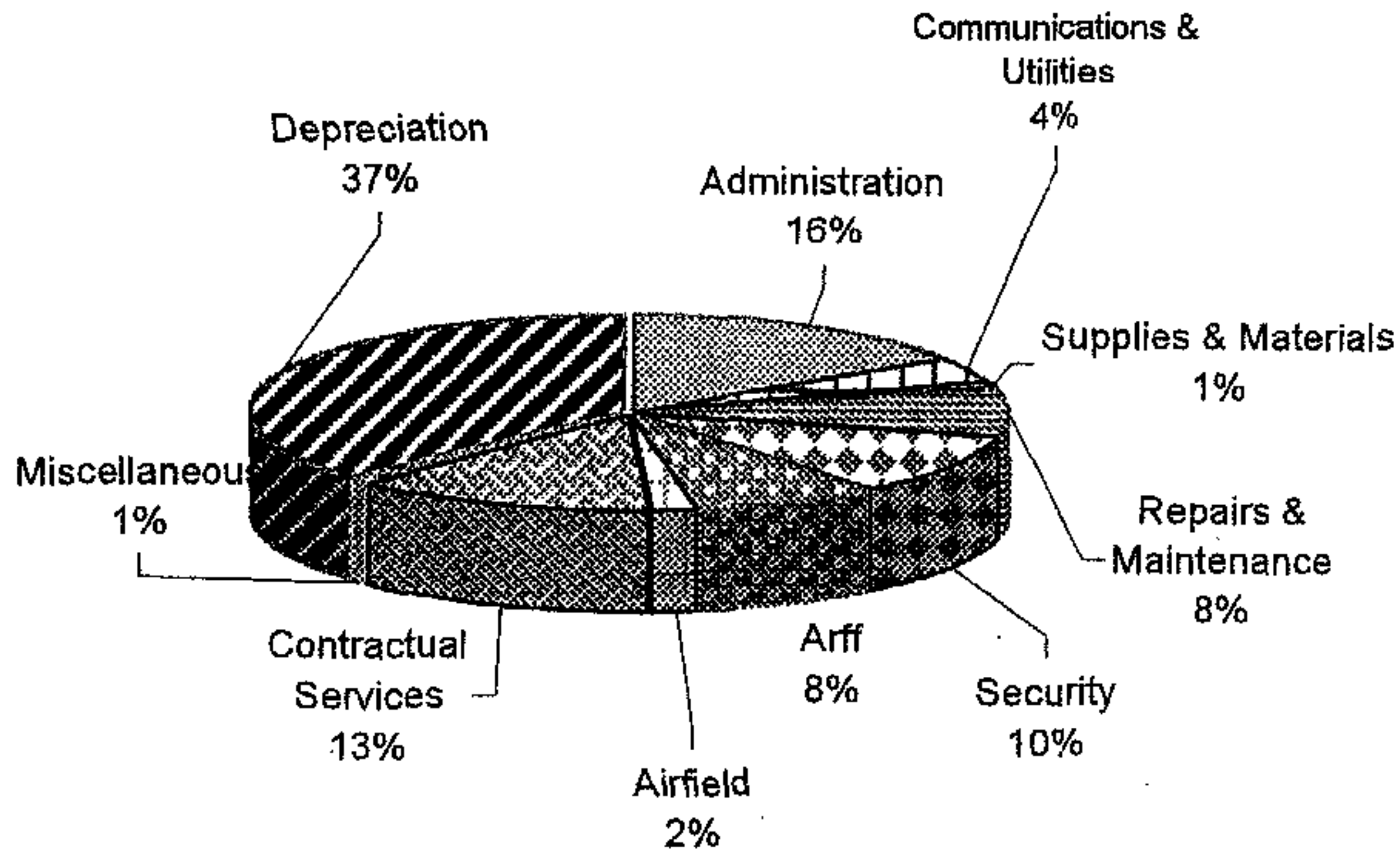


	<u>2003</u>	<u>2002</u>	<u>(Decrease)</u> <u>from 2002</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
<b>Operating Revenues:</b>				
Landing fees	\$ 302,708	\$ 266,934	\$ 35,774	13.4%
Terminal rent/charges	583,673	557,856	25,817	4.6%
Hangar rentals	488,861	432,856	56,005	12.9%
Fuel Flowage fees	94,318	78,200	16,118	20.6%
Land & non-terminal facilities	1,468,953	1,347,047	121,906	9.0%
Rental cars	528,987	591,274	(62,287)	-10.5%
Parking	763,877	643,452	120,425	18.7%
Passenger Facility Charges	669,381	583,831	85,550	14.7%
Grant Revenues	167,651	347,299	(179,648)	-51.7%
Other	51,462	49,150	2,312	4.7%
<b>Total Operating Revenues</b>	<u>5,119,871</u>	<u>4,897,899</u>	<u>221,972</u>	
<b>Non-Operating Revenues:</b>				
Interest Income	87,039	107,636	(20,597)	-19.1%
Insurance Proceeds	126,592	170,574	(43,982)	-25.8%
Gain on disposal of assets	4,658	-	4,658	100.0%
Operation and Maintenance Tax				
Transferred from General Fund	1,513,173	1,148,946	364,227	31.7%
Capital Grants and Contributions	867,488	1,370,889	(503,401)	-36.7%
<b>Total Non-Operating Revenues</b>	<u>2,598,950</u>	<u>2,798,045</u>	<u>(199,095)</u>	
<b>TOTAL REVENUES</b>	<u>\$ 7,718,821</u>	<u>\$ 7,695,944</u>	<u>\$ 22,877</u>	

**Table 4  
EXPENSES**

The following chart shows the major sources and percentage of operating expenses of the proprietary fund for the year ended December 31, 2003:

### 2003 Operating Expenses



	<u>2003</u>	<u>2002</u>	<u>Increase (Decrease) from 2002</u>	<u>Percent Increase (Decrease)</u>
<b>Operating:</b>				
Administration	\$ 1,008,253	\$ 915,963	\$ 92,290	10.1%
Communications & Utilities	267,846	238,485	29,361	12.3%
Supplies & Materials	63,211	53,826	9,385	17.4%
Repairs & Maintenance	512,885	480,950	31,935	6.6%
Security	676,027	677,617	(1,590)	-0.2%
Arff	510,759	503,325	7,434	1.5%
Airfield	130,143	134,632	(4,489)	-3.3%
Contractual Services	840,063	679,184	160,879	23.7%
Miscellaneous	55,854	48,819	7,035	14.4%
Depreciation	<u>2,381,013</u>	<u>1,913,227</u>	<u>467,786</u>	24.5%
<b>Total Operating</b>	<u>6,446,054</u>	<u>5,646,028</u>	<u>800,026</u>	
<b>Non-Operating:</b>				
Interest expense	223,695	257,673	(33,978)	-13.2%
Assessor's pension	51,625	40,574	11,051	27.2%
Bad debt expense	4,394	-	4,394	100.0%
	<u>279,714</u>	<u>298,247</u>	<u>(18,533)</u>	
<b>TOTAL EXPENSES</b>	<u>\$ 6,725,768</u>	<u>\$ 5,944,275</u>	<u>\$ 781,493</u>	

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The Airport Commission adopted the General Fund Budget during October 2002 and no budget amendments were required during 2003. General Fund Revenues consist of ad valorem tax collections, which are based on assessed values as determined by the Tax Assessor of Lafayette Parish, collected by the Lafayette Parish Sheriff and remitted to the Lafayette Regional Airport. The General Fund reported a positive variance of \$413,173, which is a direct result of property tax collections being higher than expected. The ad valorem tax revenue reported in the governmental fund is transferred annually to the proprietary fund to support the operations of the Airport.

## **CAPITAL ASSET AND LONG-TERM DEBT**

### **Capital Assets**

At the end of December 31, 2003, the Airport had \$54.3 million invested in capital assets, net of related debt, including all equipment, land and buildings. This represents a net increase of just under \$660,000, or 1.2 percent, over last year.

During 2003, the Airport expended \$2.7 million on capital activities. This included \$2 million toward capital projects: taxiway "lima", terminal cargo apron, and terminal public parking lot. Other acquisitions and improvements for 2003 included the following: maintenance facility upgrades, vehicles, tractors, and an Airport beacon. The Airport continues improving facilities with projects ongoing at year-end to include the Airport master plan, the aircraft loading bridges, the Airport terminal cargo apron improvements and the taxiway "lima" rehabilitation.

Acquisitions and improvements are funded using a variety of financing methods, including Federal grants with matching State grants, passenger facility charges, debt issuance, and Airport revenues.

### **Debt**

During 2003, the Lafayette Regional Airport retired its debt with Petroleum Helicopters, Inc. through the issuance of \$4,000,000 in revenue bonds. The issuance consisted of \$3.26 million in taxable bonds and \$740,000 in non-taxable bonds. The taxable bonds were issued at a lower interest rate, which will allow the Airport to pay out the debt in a shorter time period. The proceeds from the non-taxable bonds will be used to fund the rehabilitation of several parking lots located around the Airport as well as any other projects as determined by the Commission.

## **ECONOMIC FACTORS**

With the increase in ad valorem tax revenue experienced this year, next year's general fund budget was determined based on another slight increase.

The business-type activities will see changes due to economic factors as well as continued capital improvements funded by various grants. Several of the economic factors considered in the budgetary process were:

- The economic environment of the airline industry as a whole.
- Changes in the consumer price index, which allows for increases in rental charges to tenants of the Airport.
- Escalating costs of operations including insurance, security and other contractual services

### **REQUEST FOR INFORMATION**

This financial report is written to provide a general overview of the Lafayette Regional Airport's financial position for all interested parties and to show the Airport's accountability for the money it receives. Questions concerning any of the information in the report should be addressed in writing to the Financial Officer, Lafayette Regional Airport, 200 Terminal Drive, Lafayette, LA 70508.



**LAFAYETTE REGIONAL AIRPORT  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT  
OF LAFAYETTE, LOUISIANA**

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2003**

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ -	\$ 3,341,763	\$ 3,341,763
Investments	-	1,511,548	1,511,548
Accounts Receivable	-	336,150	336,150
Other Receivables	-	2,870	2,870
Ad Valorem Tax Receivable Due From Lafayette Parish	801,364	-	801,364
Sheriff's Office	434,240	-	434,240
Grant Funds Receivable	-	428,799	428,799
Prepays	-	171,554	171,554
	<u>1,235,604</u>	<u>5,792,684</u>	<u>7,028,288</u>
<b>Noncurrent Assets:</b>			
Restricted Assets	-	3,151,465	3,151,465
Unamortized Debt Expense	-	77,843	77,843
Property and Equipment (Net)	-	49,346,873	49,346,873
Land	-	5,521,116	5,521,116
Construction Work in Progress	-	2,566,846	2,566,846
	<u>-</u>	<u>60,664,143</u>	<u>60,664,143</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,235,604</u>	<u>\$ 66,456,827</u>	<u>\$67,692,431</u>

The Accompanying Notes are an Integral Part of These Statements.

**LAFAYETTE REGIONAL AIRPORT  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT  
OF LAFAYETTE, LOUISIANA**

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2003**

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>	<u>TOTAL</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ -	\$ 943,225	\$ 943,225
Accrued Expenses	-	39,565	39,565
Deferred Revenue	69,556	251,802	321,358
Internal Balances	1,166,048	(1,166,048)	-
Accrued Interest Payable	-	-	-
Escrow Payable	-	-	-
Security Deposits	-	15,975	15,975
Current Portion-Long Term Debt	-	442,500	442,500
	<u>1,235,604</u>	<u>527,019</u>	<u>1,762,623</u>
Total Current Liabilities			
Noncurrent Liabilities			
Bonds Payable, Less Current Maturities	-	3,487,500	3,487,500
Accrued Compensated Absences	-	57,128	57,128
	<u>-</u>	<u>3,544,628</u>	<u>3,544,628</u>
Total Noncurrent Liabilities			
	<u>1,235,604</u>	<u>4,071,647</u>	<u>5,307,251</u>
<b>TOTAL LIABILITIES</b>			
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt			
	-	54,308,267	54,308,267
Restricted for:			
PFC Projects	-	2,180,414	2,180,414
Unrestricted	-	5,896,499	5,896,499
	<u>-</u>	<u>62,385,180</u>	<u>62,385,180</u>
<b>TOTAL NET ASSETS</b>			
	<u>\$ 1,235,604</u>	<u>\$ 66,456,827</u>	<u>\$67,692,431</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>			

The Accompanying Notes are an Integral Part of These Statements.

**LAFAYETTE REGIONAL AIRPORT  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government	
			Grants and Contributions	Capital Grants and Contributions		Business-type Activities	Total
<b>Governmental Activities</b>							
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Governmental Activities	-	-	-	-	-	-	-
<b>Business-type Activities</b>							
Airport Services	6,725,768	4,952,220	167,651	867,488	-	(738,409)	(738,409)
Total Business-Type Activities	6,725,768	4,952,220	167,651	867,488	-	(738,409)	(738,409)
Total Primary Government	\$ 6,725,768	\$ 4,952,220	\$ 167,651	\$ 867,488	-	(738,409)	(738,409)
<b>General Revenues:</b>							
Property Taxes					1,468,850	-	1,468,850
State Revenue Sharing					44,323	-	44,323
Investment Earnings					-	87,039	87,039
Other General Revenues					-	131,250	131,250
Transfers					(1,513,173)	1,513,173	-
Total general revenues and transfers					-	1,731,462	1,731,462
Change in Net Assets					-	993,053	993,053
Net Assets-Beginning					-	61,392,127	61,392,127
Net Assets-Ending					\$ -	\$ 62,385,180	\$ 62,385,180

The Accompanying Notes are an Integral Part of These Statements.

**FUND FINANCIAL STATEMENTS**

**LAFAYETTE REGIONAL AIRPORT  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT  
OF LAFAYETTE, LOUISIANA**

**BALANCE SHEET - GOVERNMENTAL FUND  
DECEMBER 31, 2003**

	<u>General Fund</u>
<b>ASSETS</b>	
Ad Valorem Tax Receivable	\$ 801,364
Due From Lafayette Parish Sheriff's Office	<u>434,240</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,235,604</u>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Deferred Tax Revenue	\$ 69,556
Due to Proprietary Fund	<u>1,166,048</u>
<b>TOTAL LIABILITIES</b>	1,235,604
<b>FUND BALANCE</b>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 1,235,604</u>

The Accompanying Notes are an Integral Part of These Statements.



**LAFAYETTE REGIONAL AIRPORT  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT  
OF LAFAYETTE, LOUISIANA**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>General Fund</u>
<b>REVENUE</b>	
Ad Valorem Tax	\$ 1,468,850
State Revenue Sharing	<u>44,323</u>
Total Revenues	<u>1,513,173</u>
<b>OTHER FINANCING USES</b>	
Transfers to Proprietary Fund	<u>(1,513,173)</u>
Total Other Financing Uses	<u>(1,513,173)</u>
<b>EXCESS OF REVENUES OVER OTHER FINANCING USES</b>	-
<b>FUND BALANCE, BEGINNING</b>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ -</u>

The Accompanying Notes are an Integral Part of These Statements.

**LAFAYETTE REGIONAL AIRPORT  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT  
OF LAFAYETTE, LOUISIANA**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
DECEMBER 31, 2003**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 3,341,763
Investments	1,511,548
Accounts Receivable	336,150
Interest Receivables	2,870
Due From General Fund	1,166,048
Grant Funds Receivable	428,799
Prepays	<u>171,554</u>
Total Current Assets	<u>6,958,732</u>

**RESTRICTED ASSETS**

Cash	
Grant Funds	224,797
PFC Funds	2,180,415
Security Deposits	20,694
Investments	
Sinking Fund	<u>725,559</u>
Total Restricted Assets	<u>3,151,465</u>

**PROPERTY AND EQUIPMENT**

Property and Equipment	95,165,082
Land	5,521,116
Construction in Progress	<u>2,566,846</u>
Total	103,253,044
Less: Accumulated Depreciation	<u>(45,818,209)</u>
Net Property and Equipment	<u>57,434,835</u>

**OTHER ASSETS**

Unamortized Debt Expense	<u>77,843</u>
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**TOTAL ASSETS**

\$67,622,875

The Accompanying Notes are an Integral Part of These Statements.

**LAFAYETTE REGIONAL AIRPORT  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT  
OF LAFAYETTE, LOUISIANA**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
DECEMBER 31, 2003**

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 943,225
Accrued Expenses	39,565
Deferred Revenue	251,802
Current Portion of Long-Term Debt	<u>442,500</u>
Total Current Liabilities	<u>1,677,092</u>

**CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS**

Security Deposits	<u>15,975</u>
Total Current Liabilities Payable From Restricted Assets	<u>15,975</u>

**NON-CURRENT LIABILITIES**

Bonds Payable, Less Current Maturities	3,487,500
Accrued Compensated Absences	<u>57,128</u>
Total Non-Current Liabilities	<u>3,544,628</u>

<b>TOTAL LIABILITIES</b>	<u>5,237,695</u>
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**NET ASSETS**

Invested in Capital Assets, Net of Related Debt	54,308,267
Restricted for:	
PFC Projects	2,180,414
Unrestricted	<u>5,896,499</u>
<b>TOTAL NET ASSETS</b>	<u>62,385,180</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$67,622,875</u>
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The Accompanying Notes are an Integral Part of These Statements.

**LAFAYETTE REGIONAL AIRPORT  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT  
OF LAFAYETTE, LOUISIANA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

**OPERATING REVENUES**

Rentals	\$ 3,070,474
Commissions	94,318
Landing Fees	302,708
Parking Tolls	763,877
Passenger Facility Charges	669,381
Grant Revenues	167,651
Miscellaneous	51,462
Total Operating Revenues	<u>5,119,871</u>

**OPERATING EXPENSES**

Salaries and Costs of Employment	757,945
Supplies	27,407
Other Services and Charges	3,279,689
Depreciation	2,381,013
Total Operating Expenses	<u>6,446,054</u>

**OPERATING LOSS** (1,326,183)

**NON-OPERATING REVENUES (EXPENSES)**

Interest Income	87,039
Insurance Proceeds	126,592
Interest Expense	(223,695)
Bad Debt Expense	(4,394)
Gain on Disposal of Fixed Assets	4,658
Assessor's Pension	(51,625)
Total Non-Operating Revenues (Expenses)	<u>(61,425)</u>

Loss before Contributions and Transfers (1,387,608)

Capital Contributions	867,488
Transfers In	<u>1,513,173</u>

**INCREASE IN NET ASSETS** 993,053

**NET ASSETS, BEGINNING** 61,392,127

**NET ASSETS, ENDING** \$ 62,385,180

The Accompanying Notes are an Integral Part of These Statements.

**LAFAYETTE REGIONAL AIRPORT  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT  
OF LAFAYETTE, LOUISIANA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received From Providing Services	\$ 5,079,902
Cash Paid to Suppliers	(2,964,862)
Cash Paid to Employees	<u>(765,562)</u>

Net Cash Provided by Operating Activities \$ 1,349,478

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from Sale of Investment Securities	506,944
Purchase of Investment Securities	(725,559)
Investment Interest Received	<u>97,161</u>

Net Cash Provided By Investing Activities (121,454)

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

Transfers From General Fund	1,099,544
Payments for Assessor's Pension	<u>(51,625)</u>

Total Cash Provided By Non-Capital Financing Activities 1,047,919

**CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES**

Capital Grants Received	861,137
Acquisition and Construction of Fixed Assets	(2,720,828)
Proceeds From Sale of Fixed Assets	4,658
Proceeds From Bond Issuance	4,000,000
Principal Payments on Long-Term Debt	(3,516,413)
Proceeds From Insurance Claim	126,592
Unamortized Debt Expense	(77,843)
Escrow Charges	(226,228)
Interest Paid	<u>(270,942)</u>

Net Cash Provided By Capital and Financing Activities (1,819,867)

The Accompanying Notes are an Integral Part of These Statements.



**LAFAYETTE REGIONAL AIRPORT  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT  
OF LAFAYETTE, LOUISIANA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ 456,076</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b> (including \$1,983,673 in restricted cash)	<u>5,311,593</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b> (including \$2,425,906 in restricted cash)	<u>\$ 5,767,669</u>

**RECONCILIATION OF OPERATING LOSS TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES:**

Operating Loss	\$ (1,326,183)	
Adjustments to Reconcile Loss From Operations to Net Cash Provided By Operating Activities:		
Depreciation	2,381,013	
Changes in Assets and Liabilities:		
Accounts Receivable	(123,021)	
Prepaid Expenses	(18,860)	
Accounts Payable	361,094	
Accrued Expenses	(12,103)	
Deferred Revenue	83,052	
Accrued Compensated Absences	<u>4,486</u>	
Net Cash Provided By Operating Activities		<u>\$ 1,349,478</u>

The Accompanying Notes are an Integral Part of These Statements.

**LAFAYETTE REGIONAL AIRPORT  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT  
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** - Lafayette Regional Airport is a municipally owned, non-hub airport located on U. S. Highway 90 East in the City of Lafayette. The Airport provides passenger service through three regional carriers. The major source of revenue for the Airport is rentals on buildings, hangars, land, and terminal space.

The Airport is governed by a seven member, non-elected commission. Five members are appointed by the Lafayette Consolidated Government, one member is appointed by the Parish President, and one member is appointed by the mayors of the various municipalities surrounding Lafayette.

The Lafayette Regional Airport's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The Airport has elected to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds. The more significant accounting policies established in GAAP and used by the Airport are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:
  - A Management Discussion and Analysis (MD&A) section providing an analysis of the Airport's overall financial position and results of operations.
  - Financial statements prepared using full accrual accounting for all of the Airport's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Airport elected to implement the general provisions of the Statement in fiscal year 2002.

**Basic Financial Statements - Government-Wide Statements** - The Airport's basic financial statements include both government-wide (reporting the Airport as a whole) and fund financial statements (reporting the Airport's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Collection of ad valorem tax revenue is classified as a governmental activity. The Airport's operations are classified as a business-type activity.

**LAFAYETTE REGIONAL AIRPORT**  
**A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT**  
**OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Basic Financial Statements - Government-Wide Statements - continued**

*In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Airport's net assets are reported in three parts--invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Airport first utilizes restricted resources to finance qualifying activities.*

*The government-wide Statement of Activities reports both the gross and net cost of each of the Airport's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.*

*The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc).*

*The Airport does not allocate indirect costs.*

*This government-wide focus is more on the sustainability of the Airport as an entity and the change in the Airport's net assets resulting from the current year's activities.*

**Basic Financial Statements - Fund Financial Statements** - The financial transactions of the Airport are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Airport:

**Governmental Fund:**

*The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Airport:*

*General Fund - This fund is used to account for resources traditionally associated with governments which are not required legally or by sound financial management to be accounted for in another fund. The Airport reports its property tax activity in the General Fund.*

**LAFAYETTE REGIONAL AIRPORT  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT  
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Basic Financial Statements - Fund Financial Statements - continued**

**Proprietary Fund:**

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the Airport:

Enterprise Fund - This type of fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of operating and maintaining the airport facilities on a continuing basis are financed through user charges.

**Measurement Focus/Basis of Accounting - Fund Financial Statements** - Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The governmental fund uses a financial resources measurement focus and is accounted for using the modified accrual basis of accounting. Its revenues are recognized when susceptible to accrual (i.e., when they become measurable and available as net current assets). Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable.

The proprietary fund is accounted for on a cost of service measurement focus using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

**Basis of Accounting – Government-Wide Financial Statements** – The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The primary effect of internal activity has been eliminated from the government-wide financial statements.



**LAFAYETTE REGIONAL AIRPORT  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT  
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Basis of Accounting – Government-Wide Financial Statements - continued**

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the Airport and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated to the programs, functions and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expense identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Airport.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Separate financial statements are provided for governmental funds and proprietary funds. The general fund and the proprietary fund are considered major funds of the Airport.

**Revenues** - Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

**Interfund Activity** - Interfund activity is reported as either loans or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**Budgets and Budgetary Accounting** - The Lafayette Regional Airport is required to adopt annual budgets for each fund. Each budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.



**LAFAYETTE REGIONAL AIRPORT  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT  
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Budgets and Budgetary Accounting - continued**

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

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

**Property and Equipment** - Depreciation of all exhaustible fixed assets used by the Enterprise Fund is charged as an expense against operations. Accumulated depreciation is reported on the Enterprise Fund Balance Sheet. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of fixed assets are as follows:

	<u>Years</u>
Hangars and Buildings	10 - 30
Runways and Navigation Aids	10 - 20
Service Roads and Parking	10 - 20
Other Permanent Improvements	10 - 20
Equipment	3 - 10
Lease Purchase Equipment	5

Land and other capital improvements acquired by the Airport prior to October 31, 1971, are stated at replacement cost as of that date, as historical cost information was not maintained prior to this time. Land acquisitions, which occurred prior to October 31, 1971, are stated at an estimated replacement cost of \$4,864,600, which approximates \$2,600 per acre. All capital improvements acquired prior to this date are fully depreciated, and, as such, have no remaining book value at the balance sheet dates. All subsequent asset purchases are stated at cost. The Airport has a policy in place which requires the capitalization of all asset purchases of \$1,000 or greater.

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

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

**Restricted Assets** - Proceeds from grant awards are classified as restricted assets on the Balance Sheet because their use is limited to capital acquisition and construction. The Airport records the liability for acting as trustee for security and bid deposits and follows the practice of segregating deposit monies as restricted assets. All deposit refunds are made from deposit funds.

**LAFAYETTE REGIONAL AIRPORT  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT  
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Compensated Absences** - Employees of the Airport earn annual leave in amounts from 8 to 12 hours per month based on years of service. Annual leave may be carried forward provided the amount carried forward does not exceed two years of an employee's earned annual leave. Unused annual leave (in excess of what can be carried forward) shall be used or surrendered. Upon termination, employees are paid for all accumulated annual leave. This policy resulted in an accrual for compensated absences of \$57,128 at December 31, 2003.

Sick leave is credited to all classified employees at the rate of eight hours per month. All unused sick leave is carried forward from year to year. No payments are due for such accumulated sick leave upon termination or retirement. Therefore, no liability has been accrued in these financial statements.

**Cash and Cash Equivalents** - For purposes of the Statement of Cash Flows, the Airport considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(B) CASH AND INVESTMENTS**

State laws authorize the government to invest in obligations of the U.S. Treasury, obligations guaranteed by the United States or any agency thereof, and bonds of this state or any subdivision of this state.

All bank balances of deposits as of the Balance Sheet date are entirely insured or collateralized with pledged securities held by the bank.

There are three categories of credit risk that apply to the government's cash and investments:

1. Insured or registered or for which the securities are held by the government or the government's agent in the government's name
2. Uninsured and unregistered for which the securities are held by the bank's trust department or the government's agent in the government's name
3. Uninsured and unregistered for which the securities are held by the bank. However, the bank is required under state law to sell pledged securities within ten days to cover all deposits and accrued interest.

**LAFAYETTE REGIONAL AIRPORT  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT  
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

**(B) CASH AND INVESTMENTS - continued**

Bank balances held in each category are as follows:

	Categories			Carrying Amount	Market Value
	<u>1</u>	<u>2</u>	<u>3</u>		
Cash					
Restricted	\$ 2,024,585	\$ -	\$ -	\$ 2,024,585	\$ 2,024,585
Unrestricted	3,379,963	-	-	3,379,963	3,379,963
Certificates of Deposit					
Restricted	-	-	405,542	405,542	405,542
Unrestricted	-	-	1,511,548	1,511,548	1,511,548
	<u>\$ 5,404,548</u>	<u>\$ -</u>	<u>\$ 1,917,090</u>	<u>\$ 7,321,638</u>	<u>\$ 7,321,638</u>

Cash included in the Statement of Cash Flows at December 31 is as follows:

	2003	2002
Petty Cash	\$ 88	\$ 278
Operating Account	3,341,675	3,074,716
PFC Account	2,180,415	1,589,162
Security Deposit Account	20,694	20,415
GADF Account	224,797	374,096
Escrow Account	-	252,926
Cash per Statement of Cash Flows	<u>\$ 5,767,669</u>	<u>\$ 5,311,593</u>

**(C) AD VALOREM TAXES**

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

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

That portion of the ad valorem taxes dedicated to operations and maintenance of the Airport was assessed to property owners in Lafayette Parish at 1.71 mills for 2003. On November 17, 2001, voters of Lafayette Parish approved renewal of the ad valorem tax through expiration of the tax in 2012.

**LAFAYETTE REGIONAL AIRPORT  
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OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
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**(D) PASSENGER FACILITY CHARGE**

During the 2000 fiscal year, the Airport submitted an application to the Federal Aviation Administration (FAA) to impose a Passenger Facility Charge (PFC) at the Lafayette Regional Airport. The FAA approved the collection and use of PFC revenues for specific projects commencing January 30, 2001. Under the terms of the agreement with the FAA, the Airport is allowed to charge a \$3 PFC per passenger, less an 8 cent collection charge from the airline, to generate maximum net cumulative revenues of \$2,323,000. Per an agreement with the FAA, previous PFC amounts collected due to errors by the airlines will be allocated against this PFC application with the remaining cost of the project funded by current PFC revenue. During 2002, an amendment to this application was approved increasing the charge to \$4.50 per passenger.

The use of these revenues is restricted by FAA for specific approved projects in the amount of \$2,323,000. Additional projects to be funded by uncommitted PFC revenues will require FAA approval. The Airport has reserved a portion of its retained earnings for undisbursed PFC revenues. PFC revenues available to fund the specific projects were \$2,180,414 at December 31, 2003. This amount is shown on the face of the Statement of Net Assets as Reserved.

**(E) GRANT FUNDS RECEIVABLE**

The Airport is in the process of performing various airfield improvement projects with the assistance of federal and state funds. Grant funds receivable at December 31, 2003 consisted of the following:

Transportation Safety		
Administration-Security		\$ 30,350
AIP Project 23		1,188
AIP Project 24		100,558
AIP Project 25		277,264
AIP Project 28		19,439
Total Grant Funds Receivable		<u>\$ 428,799</u>

**(F) RESTRICTED ASSETS**

Proprietary Fund assets required to be held and/or used as specified in bond resolutions, grant agreements, or other contractual agreements have been reported as Restricted Assets. Restricted Assets at December 31, 2003, consisted of the following:

	Cash	Investments	Totals
Grant Funds	\$ 224,797	\$ -	\$ 224,797
Security Deposits	20,694	-	20,694
PFC Accounts	1,774,873	405,542	2,180,415
Sinking Fund	-	725,559	725,559
Totals	<u>\$ 2,020,364</u>	<u>\$ 1,131,101</u>	<u>\$ 3,151,465</u>

**LAFAYETTE REGIONAL AIRPORT  
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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

**(G) PROPERTY AND EQUIPMENT**

The following is a summary of changes in property and equipment:

	Beginning Balance 12/31/02	Additions	Deletions	Ending Balance 12/31/03
Hangars and Buildings	\$ 16,571,853	\$ 25,064,170	\$ -	\$ 41,636,023
Runways and Navigation Aids	31,434,676	3,499,561	-	34,934,237
Service Roads and Parking	3,643,151	242,345	-	3,885,496
Other Permanent Improvements	10,725,102	164,673	-	10,889,775
Equipment	3,983,363	186,729	(1,769,814)	2,400,278
Furniture and Fixtures	1,419,273	-	-	1,419,273
	<u>67,777,418</u>	<u>29,157,478</u>	<u>(1,769,814)</u>	<u>95,165,082</u>
Less: Accumulated Depreciation and Amortization	<u>(45,207,010)</u>	<u>(2,381,013)</u>	<u>1,769,814</u>	<u>(45,818,209)</u>
Net Property and Equipment	<u>\$ 22,570,408</u>	<u>\$ 26,776,465</u>	<u>\$ -</u>	<u>\$ 49,346,873</u>
Land	<u>\$ 5,521,116</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,521,116</u>
Construction Work in Progress	<u>\$ 29,003,496</u>	<u>\$ 2,362,995</u>	<u>\$ 28,799,645</u>	<u>\$ 2,566,846</u>

Depreciation expense for the year ended December 31, 2003 was \$2,381,013. The total expense was charged to Airport Services.

**(H) DEFINED BENEFIT PENSION PLAN**

All full-time employees of Lafayette Regional Airport participate in the Parochial Employees' Retirement System (PERS) of Louisiana, a multiple-employer, cost-sharing public employee retirement plan that was established by the Louisiana Legislature as of January 1, 1953 by Act 205 of 1952. The PERS was revised by Act 765 of 1979. The payroll for Airport employees covered by the PERS for the year ended December 31, 2003, was \$601,364.

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

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



**LAFAYETTE REGIONAL AIRPORT  
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OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

**(H) DEFINED BENEFIT PENSION PLAN - continued**

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

Covered employees are required to contribute 9.5 percent of their earnings to the plan. The Airport contributed 7.75 percent to the plan. The total contribution for the year ended December 31, 2003 was \$103,880, which consisted of \$46,750 from the Airport and \$57,130 from its employees. For the year ended December 31, 2002 the total contribution was \$98,889, which consisted of \$43,530 from the Airport and \$55,359 from its employees. Contributions are also established by State statute.

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

The total PERS pension benefit obligation was \$1,336,402,556 and the total PERS net assets available for benefits were \$1,305,000,806 as of December 31, 2002.

The PERS also publishes an annual financial report. The latest report for the year ended December 31, 2002 is available from Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, LA 70898-4619.

**(I) OPERATING LEASES**

The Airport leases buildings, hangars, land and terminal space to a number of tenants. Due to the nature of those leases, they are all classified as operating leases. The following is a schedule by years of minimum future rentals on non-cancelable operating leases as of December 31, 2003:

<u>Year Ending December 31</u>	
2004	\$ 1,261,662
2005	1,284,810
2006	1,209,213
2007	384,961
2008	68,722
Thereafter	<u>61,250</u>
<b>Total Minimum Future Rentals</b>	<b><u>\$ 4,270,618</u></b>

Certain rentals included above relate to tenants with scheduled annual CPI adjustments. Those annual adjustments could not be determined. Therefore, the 2003 rents were used for all years.



**LAFAYETTE REGIONAL AIRPORT  
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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

**(J) LONG-TERM DEBT**

During March 2001, the Airport entered into a loan agreement with Petroleum Helicopters, Inc. in order to complete construction on the new PHI facility. The total amount of the loan will not exceed \$4,000,000. Funds were being drawn down as needed to complete the construction. The note bears interest at seven percent per annum and matures in 2011. Repayment of the loan was through a reduction in the lease payments made by PHI on a monthly basis. During 2003, this note was paid off with the proceeds from the bond issuance.

In November 2003, the Airport issued Louisiana Public Facilities Authority Equipment and Capital Facilities Pooled Loan Program Revenue Bonds, Series 2003C, dated November 11, 2003, due December 1, 2003 through July 1, 2001. The bonds are payable in monthly installments with fixed principal payments ranging from \$28,750 to \$40,417, bearing interest at a rate determined by the Remarketing Agent on a weekly basis, currently 1.7 percent per annum, secured by future revenues.

In December 2003, the Airport issued Louisiana Public Facilities Authority Equipment and Capital Facilities Pooled Loan Program Revenue Bonds, Series 2003B, dated December 18, 2003, due January 1, 2004 through July 1, 2001. The bonds are payable in monthly installments with fixed principal payments ranging from \$6,250 to \$9,167, bearing interest at a rate determined by the Remarketing Agent on a weekly basis, currently 1.7 percent per annum, secured by future revenues.

A summary of this debt is as follows:

	Balance 12/31/2002	Additions	Repayments	Balance 12/31/2003	Due Within One Year
Note Payable - PHI	\$ 3,466,413	\$ -	\$ 3,466,413	\$ -	\$ -
Bond Payable - Series 2003C	-	3,260,000	57,500	3,202,500	362,500
Bond Payable - Series 2003B	-	740,000	12,500	727,500	80,000
	<u>\$ 3,466,413</u>	<u>\$ 4,000,000</u>	<u>\$ 3,536,413</u>	<u>\$ 3,930,000</u>	<u>\$ 442,500</u>

Maturities of long-term debt are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 442,500	\$ 63,278	\$ 505,778
2005	477,500	56,294	533,794
2006	500,000	48,022	548,022
2007	520,000	39,395	559,395
2008	542,500	30,422	572,922
Thereafter	1,447,800	34,326	1,482,126
Total	<u>\$ 3,930,300</u>	<u>\$ 271,737</u>	<u>\$ 4,202,037</u>

**LAFAYETTE REGIONAL AIRPORT  
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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

**(K) LITIGATION**

There is no litigation pending against the Airport as of December 31, 2003.

**(L) RISK MANAGEMENT**

The Airport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Airport is insured to reduce the exposure to these risks.

**LAFAYETTE REGIONAL AIRPORT  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT  
OF LAFAYETTE, LOUISIANA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>2003 ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUE</b>				
Ad Valorem Tax	\$1,100,000	\$1,100,000	\$1,468,850	\$ 368,850
State Revenue Sharing	<u>-</u>	<u>-</u>	<u>44,323</u>	<u>44,323</u>
Total Revenue	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,513,173</u>	<u>413,173</u>
<b>OTHER FINANCING USES</b>				
Transfer of O & M Funds to Proprietary Fund	<u>(1,100,000)</u>	<u>(1,100,000)</u>	<u>(1,513,173)</u>	<u>(413,173)</u>
Total Other Financing Uses	<u>(1,100,000)</u>	<u>(1,100,000)</u>	<u>(1,513,173)</u>	<u>(413,173)</u>
EXCESS OF REVENUES OVER OTHER FINANCING USES	-	-	-	-
FUND BALANCE, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accountants' Report.

**LAFAYETTE REGIONAL AIRPORT  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT  
OF LAFAYETTE, LOUISIANA**

**SCHEDULE OF EXPENSES - PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Administrative	General Maintenance	Contractual Services	Total
<b>SALARIES AND COSTS OF EMPLOYMENT</b>				
Salaries	\$ 336,783	\$ 245,964	\$ -	\$ 582,747
Vacation Pay	3,907	730	-	4,637
Payroll Taxes	35	6,823	-	6,858
Group Insurance	56,649	60,453	-	117,102
Retirement Contributions	26,885	19,865	-	46,750
Accrued Compensation Time	(149)	-	-	(149)
Total Personal Services	<u>\$ 424,110</u>	<u>\$ 333,835</u>	<u>\$ -</u>	<u>\$ 757,945</u>
<b>SUPPLIES</b>				
Office Supplies	<u>\$ 27,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,407</u>
<b>OTHER SERVICES AND CHARGES</b>				
Advertising	\$ 7,387	\$ -	\$ -	\$ 7,387
Dues and Publications	8,316	-	-	8,316
Environmental Expenses	236,421	-	-	236,421
Fuel and Oil	4,136	3,753	-	7,889
Fly Lafayette Campaign	132,763	-	-	132,763
Insurance	121,085	126,155	-	247,240
Miscellaneous	3,564	400	-	3,964
Terminal Building Equipment Contract	-	-	67,521	67,521
Professional Fees	254,801	-	-	254,801
Repairs and Maintenance	21,856	326,178	49,516	397,550
Telephone	24,640	7,071	-	31,711
Training	8,873	-	-	8,873
Travel	17,049	-	-	17,049
Public Relations	26,097	-	-	26,097
Uniforms	-	3,338	-	3,338
Utilities	75,058	161,077	-	236,135
Obstruction Clearing	-	51,471	-	51,471
Contracted Services -				
Janitorial	-	-	148,487	148,487
ARFF Services	-	-	510,759	510,759
Security	-	-	676,027	676,027
Parking Lot Management	-	-	174,130	174,130
ID Card System	11,813	-	-	11,813
Fuel Tank Maintenance Plan	-	19,947	-	19,947
Total Other Services and Charges	<u>\$ 953,859</u>	<u>\$ 699,390</u>	<u>\$ 1,626,440</u>	<u>\$ 3,279,689</u>

See Accountants' Report.

**LAFAYETTE REGIONAL AIRPORT  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>AGENCY NUMBER</u>	<u>GRANT NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<b>U.S. Department of Transportation</b> Federal Aviation Administration Airport Improvement Projects	20.106	N/A	23	\$ 28,794
			24	241,707
			25	415,289
			26	10,462
			28	17,495
<b>Federal Emergency Management Administration</b> Public Assistance Grants-Emergency Protective Measures	83.544	N/A	N/A	<u>50,753</u>
				<u>\$764,500</u>

NOTE: The accompanying Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

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## 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

To the Board of Commissioners  
Lafayette Airport Commission  
Lafayette, Louisiana

We have audited the financial statements of Lafayette Regional Airport, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of and for the year ended December 31, 2003, and have issued our report thereon dated March 30, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Passenger Facility Charge Program Audit Compliance Guide, and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide.

### Compliance

As part of obtaining reasonable assurance about whether Lafayette Regional Airport'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 Lafayette Regional Airport'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.

WMDDH



This report is intended for the information of management and the Board of Commissioners of Lafayette Regional Airport, the Legislative Auditor of the State of Louisiana and the Federal Aviation Administration. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, DeHart,  
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,  
DUPUIS & HUTCHINSON, L.L.C.  
Certified Public Accountants

March 30, 2004

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## 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  
Lafayette Airport Commission  
Lafayette Parish, Louisiana

We have audited the compliance of the Lafayette Regional Airport, a component unit of the Consolidated Government of Lafayette, Louisiana, 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 December 31, 2003. Lafayette Regional Airport's major federal program is identified in the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Lafayette Regional Airport's management. Our responsibility is to express an opinion on Lafayette Regional Airport's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide. 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 Lafayette Regional Airport'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 Lafayette Regional Airport's compliance with those requirements.

In our opinion, Lafayette Regional Airport complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

### Internal Control Over Compliance

The management of Lafayette Regional Airport 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 Lafayette Regional Airport'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.

WMDDH

~~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 management and Board of Commissioners of the Lafayette Regional Airport, the Legislative Auditor of the State of Louisiana, and the federal awarding agency. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, DeHart,  
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,  
DUPUIS & HUTCHINSON, L.L.C.  
Certified Public Accountants

March 30, 2004

**LAFAYETTE REGIONAL AIRPORT**  
**A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

We have audited the financial statements of the Lafayette Regional Airport, a component unit of the Consolidated Government of Lafayette, Louisiana, as of and for the year ended December 31, 2003, and have issued our report thereon dated March 30, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by Comptroller General of the United States. Our audit of the financial statements of December 31, 2003 resulted in an unqualified opinion.

*Section I - Summary of Auditors' Results*

**A. FINANCIAL STATEMENTS**

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Reportable Conditions	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Compliance

Compliance Material to Financial Statements	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
---	------------------------------	--

**B. FEDERAL AWARDS**

Major Program Identification

The Lafayette Regional Airport at December 31, 2003, had one major program: Department of Transportation: Federal Aviation Administration-Airport Improvement Projects: CFDA Number 20.106.

Low-Risk Auditee

The Lafayette Regional Airport is considered a low-risk auditee for the year ended December 31, 2003.

Major Program - Threshold

The dollar threshold to distinguish Type A and Type B programs is \$300,000 for the year ended December 31, 2003.

Auditors' Report - Major Program

An unqualified opinion has been issued on the Lafayette Regional Airport's compliance for its major program as of and for the year ended December 31, 2003.

**LAFAYETTE REGIONAL AIRPORT  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Reportable Conditions - Major Program

There were no reportable conditions noted during the audit of the major federal program.

Compliance Finding Related to Major Program

The audit did not disclose any material noncompliance or questioned costs relative to its federal program.

*Section II - Financial Statement Findings*

There were no reportable conditions or instances of material noncompliance noted during the audit.

*Section III - Federal Award Findings and Questioned Costs*

The audit did not disclose any material noncompliance findings or questioned costs relative to its federal programs.

# WRIGHT, MOORE, DeHART, DUPUIS & HUTCHINSON, L.L.C.

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE**

To the Board of Commissioners  
Lafayette Airport Commission  
Lafayette, Louisiana

## Compliance

We have audited the compliance of the Lafayette Regional Airport with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended December 31, 2003. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the Lafayette Regional Airport's management. Our responsibility is to express an opinion on the Lafayette Regional Airport's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. 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 the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Lafayette Regional Airport'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 of the Lafayette Regional Airport's compliance with those requirements.

In our opinion, the Lafayette Regional Airport complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended December 31, 2003.

## Internal Control Over Compliance

The management of the Lafayette Regional Airport is responsible for establishing and maintaining effective internal control over compliance with requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the Lafayette Regional Airport's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Guide.





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 and regulations that would be material in relation to the passenger facility charge 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 solely for the information of management, the Board of Commissioners of the Lafayette Regional Airport, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.

*Wright, Moore, DeHart,  
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,  
DUPUIS & HUTCHINSON, L.L.C.  
Certified Public Accountants

March 30, 2004

**LAFAYETTE REGIONAL AIRPORT  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT  
OF LAFAYETTE, LOUISIANA**

**SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED**

**FOR THE YEAR ENDED DECEMBER 31, 2003**

	Beginning Program Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Ending Program Total
<u>Revenue:</u>						
Collections	\$ 2,518,332	\$ 140,465	\$ 154,874	\$ 170,496	\$ 176,666	\$ 3,160,833
Interest	<u>216,500</u>	<u>6,590</u>	<u>6,990</u>	<u>6,574</u>	<u>6,726</u>	<u>243,380</u>
Total Revenue	2,734,832	147,055	161,864	177,070	183,392	3,404,213
<u>Disbursements:</u>						
Application 95-01-C-03-LFT (Closed)	<u>933,024</u>	-	-	-	-	<u>933,024</u>
Application 98-02-U-00-LFT (Closed)	<u>150,000</u>	-	-	-	-	<u>150,000</u>
Application 01-03-C-00-LFT:						
Project 1-Taxiway "L" Widening	56,698	-	35,500	35,500	284	127,982
Project 2 - Administrative Costs	<u>4,242</u>	<u>1,125</u>	<u>488</u>	<u>3,000</u>	<u>3,938</u>	<u>12,793</u>
Total Application 01-03-C-00-LFT	<u>60,940</u>	<u>1,125</u>	<u>35,988</u>	<u>38,500</u>	<u>4,222</u>	<u>140,775</u>
Total Disbursements	<u>1,143,964</u>	<u>1,125</u>	<u>35,988</u>	<u>38,500</u>	<u>4,222</u>	<u>1,223,799</u>
Net PFC Revenue	-	<u>145,930</u>	<u>125,876</u>	<u>138,570</u>	<u>179,170</u>	-
PFC Account Balance	<u>\$ 1,590,868</u>	<u>\$ 1,736,798</u>	<u>\$ 1,862,674</u>	<u>\$ 2,001,244</u>	<u>\$ 2,180,414</u>	<u>\$ 2,180,414</u>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Basis of Accounting - The above schedule was prepared on an accrual basis of accounting.

See Accountants' Report.

**LAFAYETTE REGIONAL AIRPORT  
PASSENGER FACILITY CHARGE PROGRAM  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

**A. SUMMARY OF AUDIT RESULTS**

1. No material weaknesses were identified during the audit of the passenger facility charge program.
2. The auditors' report on compliance for the passenger facility charge program expresses an unqualified opinion.
3. There were no audit findings related to the passenger facility charge program.

**B. FINDINGS AND QUESTIONED COSTS**

NONE

**LAFAYETTE REGIONAL AIRPORT  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT  
OF LAFAYETTE, LOUISIANA**

**Passenger Facility Charges Program Audit Summary  
YEAR ENDED DECEMBER 31, 2003**

- |  |  |
|--|--|
| 1. Type of report issued on PFC financial statements.  | <u> X </u> Unqualified <u> </u> Qualified  |
| 2. Type of report on PFC compliance.   | <u> X </u> Unqualified <u> </u> Qualified  |
| 3. Quarterly Revenue and Disbursements reconcile with submitted quarterly reports and reported un-liquidated revenue matches actual amounts.         | <u> X </u> Yes <u> </u> No                 |
| 4. PFC Revenue and Interest is accurately reported on FAA Form 5100-127.   | <u> X </u> Yes <u> </u> No                 |
| 5. The Public Agency maintains a separate financial accounting record for each application.  | <u> X </u> Yes <u> </u> No                 |
| 6. Funds disbursed were for PFC eligible items as identified in the FAA Decision to pay only for the allowable costs of the projects.                | <u> X </u> Yes <u> </u> No.                |
| 7. Monthly carrier receipts were reconciled with quarterly carrier reports.  | <u> X </u> Yes <u> </u> No                 |
| 8. PFC revenues were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds. | <u> X </u> Yes <u> </u> No                 |
| 9. Serving carriers were notified of PFC program actions/changes approved by the FAA.  | <u> X </u> Yes <u> </u> No.                |
| 10. Quarterly Reports were transmitted (or available via website) to remitting carriers.   | <u> X </u> Yes <u> </u> No                 |
| 11. The Public Agency is in compliance with Assurances 5, 6, 7 and 8.  | <u> X </u> Yes <u> </u> No                 |
| 12. Project design and implementation is carried out in accordance with Assurance 9.   | <u> X </u> Yes <u> </u> No                 |
| 13. Program administration is carried out in accordance with Assurance 10.   | <u> X </u> Yes <u> </u> No                 |
| 14. For those public agencies with excess revenue, a plan for the use of this revenue has been submitted to the FAA for review and concurrence.      | <u> </u> Yes <u> </u> No<br><u> X </u> N/A |