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RAPIDES PARISH AIRPORT AUTHORITY
PINEVILLE, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 1999

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 08-02-00

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April 28, 2000

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Rapides Parish Airport Authority
Pineville, Louisiana

We have audited the accompanying financial statements of the Rapides Parish Airport Authority as of December 31, 1999 and for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rapides Parish Airport Authority, as of December 31, 1999 and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

-Members-

American Institute of Certified Public Accountants - Society of Louisiana, CPAs

Rapides Parish Airport Authority

April 28, 2000

Page 2

In accordance with Government Auditing Standards, we have also issued a report dated April 28, 2000, on our consideration of the Rapides Parish Airport Authority's internal control structure and a report dated April 28, 2000 on its compliance with laws and regulations.



ROZIER, HARRINGTON & MCKAY
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April 28, 2000

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

Board of Commissioners
Rapides Parish Airport Authority
Pineville, Louisiana

We have audited the financial statements of the Rapides Parish Airport Authority, as of December 31, 1999 and for the year ended then ended, and have issued our report thereon dated April 28, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Rapides Parish Airport Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with 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 Rapides Parish Airport Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

-Members-

American Institute of Certified Public Accountants • Society of Louisiana, CPAs

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



ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

RAPIDES PARISH AIRPORT AUTHORITY

Balance Sheet **December 31, 1999**

Proprietary Fund -
(Airport Enterprise Fund)

ASSETS

Cash	\$	540,396
Receivables		51,574
Fuel inventory		36,024
Prepaid expenses		16,498
Property and equipment (net of accumulated depreciation)		13,208,353
Other assets		4,258
		<hr/>
Total assets	\$	13,857,103
		<hr/> <hr/>

LIABILITIES AND EQUITY

LIABILITIES:

Accounts payable	\$	31,240
Unearned rent		31,300
Deferred grant funds		42,943
Compensated absences		6,438
		<hr/>
Total liabilities		111,921
		<hr/>

EQUITY:

Contributed capital		17,668,227
Retained earnings		(3,923,045)
		<hr/>
Total equity		13,745,182
		<hr/>
Total liabilities and equity	\$	13,857,103
		<hr/> <hr/>

The accompanying notes are an integral part of this statement.

RAPIDES PARISH AIRPORT AUTHORITY

Statement of Revenues, Expenses, and Changes in Retained Earnings For the Year Ended December 31, 1999

	Proprietary Fund - (Airport Enterprise Fund)
OPERATING REVENUES:	
Rents, Leases, and Fees	\$ 67,152
Fixed Base Operations	145,120
	<hr/>
Total revenues	212,272
	<hr/>
OPERATING EXPENSES:	
Salaries and wages	223,433
Payroll taxes and benefits	51,157
Fixed Bases Operations:	
Cost of Goods Sold	92,205
Operating Expenses	22,872
Depreciation	2,010
General Operations:	
Insurance	28,077
Repairs and maintenance	30,304
Office and administrative	6,228
Telephone and utilities	22,528
Operating equipment expense	11,991
Depreciation	490,407
Automobile and travel	2,323
Advertising and promotion	1,230
Contract services	11,524
Supplies	4,868
Other	4,625
	<hr/>
Total expenses	1,005,782
	<hr/>
Net operating loss	(793,510)
	<hr/>
OTHER INCOME AND EXPENSES	
Interest income	27,388
Property taxes	825
Timber sale	96,593
Other	-
	<hr/>
Total other income and expenses	124,806
	<hr/>
Net income (loss)	(668,704)
	<hr/>
Retained earnings (deficit) - beginning of year	(3,254,341)
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Retained earnings (deficit) - end of year	\$ (3,923,045)
	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

RAPIDES PARISH AIRPORT AUTHORITY

Statement of Cash Flows **For the Year Ended December 31, 1999**

	<u>Proprietary Fund -</u> <u>(Airport Enterprise Fund)</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Operating loss	\$ (793,510)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	492,417
(Increase) decrease in operating receivables	13,669
(Increase) decrease in inventory	(26,791)
(Increase) decrease in prepaid expenses	2,171
Increase (decrease) in accounts payable	(1,275)
Increase (decrease) in unearned rent	2,800
Increase (decrease) in deferred grant funds	42,943
Increase (decrease) in compensated absences	(3,989)
Net cash provided (used) by operating activities	(271,565)
<u>CASH FLOW FROM NON-CAPITAL FINANCING</u>	
<u>ACTIVITIES:</u>	
Ad Valorem tax receipts	825
Timber sales	96,593
Net cash provided (used) by non-capital financing activities	97,418
<u>CASH FLOWS FROM CAPITAL AND RELATED</u>	
<u>FINANCING ACTIVITIES:</u>	
Cash payments for property and equipment	(321,108)
Cash proceeds from grants	295,874
Net cash provided (used) by capital and related financing activities	(25,234)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Interest receipts	31,411
Net cash provided by investing activities	31,411
Net increase (decrease) in cash	(167,970)
Beginning cash balance	708,366
Ending cash balance	\$ 540,396

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

For the year ended December 31, 1999 there were no investing, capital or financing activities that did not result in cash receipts or payments.

The accompanying notes are an integral part of this statement.

RAPIDES PARISH AIRPORT AUTHORITY

Notes to Financial Statements
For the Year Ended December 31, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization And Basis Of Presentation

Rapides Parish Airport Authority was created in December 1970 and is governed by a board of nine members appointed by the Rapides Parish Police Jury. The Authority promotes economic development by operating Esler Commerce Park and Airport. Operations involve developing alternative uses for property formally utilized as a commercial airport.

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

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

Fund Accounting

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

Fuel Inventory

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

Property And Equipment - Proprietary Fund

Property and equipment are recorded at cost, including any interest incurred, or estimated value at time of acquisition in the proprietary fund. Depreciation is computed using the straight-line and accelerated methods over the estimated useful lives of the assets ranging from 3 to 40 years.

Compensated Absences

Employees of the Airport Authority earn from 5 to 15 days of vacation leave each year, depending on length of service. In addition, employees earn from 6 to 12 days of sick leave each year. Vacation leave may be accumulated, not to exceed 30 days. Upon separation of employment, employees are compensated

RAPIDES PARISH AIRPORT AUTHORITY

Notes to Financial Statements For the Year Ended December 31, 1999

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

Basis Of Accounting

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

The basis of accounting followed by proprietary funds is similar to accounting practices utilized by business enterprises. Due to these similarities, proprietary funds are allowed to follow certain pronouncement that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the Authority only applies those FASB pronouncements that were issued on or before November 30, 1989.

Use Of Estimates

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

Contributed Capital

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

Construction In Progress

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

Statement Of Cash Flows

During 1989 the Authority adopted Government Auditing Standards Board Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." This statement requires entities to report a statement of cash flows as part of a full set of financial statements instead of reporting a statement of changes in financial position. For the purposes of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in bank and Certificates of Deposits.

NOTE 2 - CASH AND CASH EQUIVALENTS:

At December 31, 1999, cash and cash equivalents totaled \$540,396 (book balance) and \$566,823 (bank balance). Under state law, these deposits must be secured by Federal Deposit Insurance or the pledge of securities owned by the bank. The securities pledged are held in the name of the pledging bank in a

RAPIDES PARISH AIRPORT AUTHORITY

Notes to Financial Statements For the Year Ended December 31, 1999

holding or custodial bank that is mutually acceptable to both parties. At December 31, 1999 deposits were protected by \$200,000 in Federal Deposit Insurance and pledged securities with a market value of \$829,450. The pledged securities are held in the name of the financial institution, which is considered uncollateralized (Category 3), by the provisions of GASB Statement No. 3.

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

NOTE 3 - PROPERTY AND EQUIPMENT:

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

Land	\$ 7,068,335
Buildings and Improvements	9,783,640
Machinery and Equipment	285,225
Fixed Base Equipment	40,200
Vehicles and Rolling Stock	782,336
Communications Equipment	57,039
Construction in Progress (Note 8)	412,061
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Total Property and Equipment	18,428,836
Less Accumulated Depreciation	(5,220,483)
<hr/>	
Net Property and Equipment	\$ 13,208,353

NOTE 4 - RECEIVABLES:

A summary of receivables at December 31, 1999 is as follows:

Grants	\$ 26,881
Fuel Sales	17,591
Rents, Leases and Fees	4,123
Accrued Interest	4,954
<hr/>	
Total Receivables	53,549
Less Allowance for Doubtful Accounts	(1,975)
<hr/>	
Net Receivables	\$ 51,574

RAPIDES PARISH AIRPORT AUTHORITY

Notes to Financial Statements
For the Year Ended December 31, 1999

NOTE 5 - CONTRIBUTED CAPITAL:

The changes in the contributed capital account for the year ended December 31, 1999 is summarized as follows:

Contributed Capital – Beginning of Year	\$ 17,374,014
Additions:	
FAA Airport Improvement Program	178,385
United States Department of Agriculture	24,624
State of Louisiana – Capital Outlay Program	71,383
State of Louisiana – DOTD	19,821
<hr/>	
Contributed Capital – End of Year	\$ 17,668,227

NOTE 6 - CONSTRUCTION IN PROGRESS:

Construction activity for the year ended December 31, 1999 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Water Line	\$ ----	\$ 96,006	\$ ----	\$ 96,006
Underground Drainage	----	26,881	----	26,881
Hanger II Rehabilitation	289,174	----	----	289,174
<hr/>				
Construction in Progress	\$ 289,174	\$ 122,887	\$ ----	\$ 412,061

Water Line Project:

The purpose of this project is to upgrade and improve water service to meet economic development specifications. Funding is being provided by the State's Capital Outlay Program and a grant from the United States Department of Agriculture. Any remaining funds will be provided by the Rapides Parish Airport Authority. At year end, construction was in the initial stages and the related costs have been reclassified as Construction in Progress.

Underground Drainage and Runway Rehabilitation:

The purpose of this project was to rehabilitate the surface of the existing taxiways and provide for improved drainage for Runway 8/26. Ninety percent (90%) of the funding is being provided by the Federal Aviation Administration (FAA) through the Airport Improvement Program. The remaining funds will be provided by the State of Louisiana, Department of Transportation and Development and the Rapides Parish Airport Authority. At year end, construction was in the initial stages and the related costs have been reported as Construction in Progress.

RAPIDES PARISH AIRPORT AUTHORITY

Notes to Financial Statements For the Year Ended December 31, 1999

Hanger II Rehabilitation:

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

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

NOTE 7 - GRANT FUNDS:

Funding for some of the Airport Authorities activities has been provided by governmental grants. An analysis of grant activity for the two years ended December 31, 1999 is presented as follows:

Federal Aviation Administration:	
Airport Improvement Program (AIP)	\$ 178,385
United States Department of Agriculture:	24,624
State of Louisiana:	
Dept. of Transportation	19,821
Capital Outlay Program	71,383
<hr/>	
Total Grant Activity	\$ 294,213

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

NOTE 8 - COMPENSATION OF BOARD MEMBERS:

During 1999, no members of the Board of Commissioners received compensation for their work with the Authority.

NOTE 9 - RISK MANAGEMENT

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

RAPIDES PARISH AIRPORT AUTHORITY

Schedule of Findings and Questioned Cost For the Year Ended December 31, 1999

PART I - SUMMARY OF AUDITOR'S RESULTS:

- The Independent Auditor's Report on the financial statements for the Rapides Parish Airport Authority as of December 31, 1999 and for the year then ended expressed an unqualified opinion.
- The results of the audit disclosed no reportable conditions that are considered to be material weaknesses.
- The results of the audit disclosed no instances of noncompliance that are considered to be material to the financial statements of the Rapides Parish Airport Authority.
- The audit did not disclose any audit findings which are required to be reported as findings and questioned cost.

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

- None.

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

- N/A

RAPIDES PARISH AIRPORT AUTHORITY

*Management's Corrective Action Plan
For the Year Ended December 31, 1999*

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

RAPIDES PARISH AIRPORT AUTHORITY

*Schedule of Prior Year Findings and Questioned Cost
For the Year Ended December 31, 1999*

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