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Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated
Government

General Purpose Financial Statements
and Independent Auditor's Report
June 30, 1996

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

Release Date FEB 26 1997

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

General Purpose Financial Statements
and Independent Auditor's Report
As of and for the Year Ended June 30, 1996
With Supplemental Information Schedule

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of the Houma-Terrebonne Airport Commission, a component unit of the Terrebonne Parish Consolidated Government, as of June 30, 1996, and for the year then ended. These financial statements are the responsibility of the management of the Houma-Terrebonne Airport Commission. 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; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-128, Audits of State and Local Governments. 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 general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Houma-Terrebonne Airport Commission as of June 30, 1996, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Houma-Terrebonne Airport Commission taken as a whole. The accompanying supplemental information schedule is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated August 23, 1996 on our considerations of the Houma-Terrebonne Airport Commission's internal control structure and a report dated August 23, 1996 on its compliance with laws and regulations.

Martin and Peltz

August 23, 1996

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

Balance Sheet
 June 30, 1996

ASSETS

Current assets	
Cash and cash equivalents (note 1-D)	\$ 690,106
Investments (note 1-E)	3,198,469
Receivables (note 2)	69,771
Due from Federal Aviation Administration	528,547
Prepaid insurance	<u>9,927</u>
Total current assets	4,496,820
Receivables (note 2)	42,406
Due from other governments (note 3)	473,300
Deferred compensation benefits (notes 1-E and 5)	265,549
Fixed assets, net of accumulated depreciation (note 4)	<u>7,930,713</u>
TOTAL ASSETS	<u>\$13,208,788</u>

LIABILITIES AND FUND EQUITY

Liabilities	
Current liabilities	
Accounts payable	\$ 8,062
Deferred revenues	<u>45,824</u>
Total current liabilities	53,886
Deferred compensation benefits payable (note 5)	265,549
Compensated absences payable (note 1-F)	<u>19,343</u>
Total liabilities	<u>338,778</u>
Fund equity	
Contributed capital, net of accumulated amortization (note 9)	5,719,992
Retained earnings - unreserved	<u>7,150,018</u>
Total fund equity	<u>12,870,010</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$13,208,788</u>

The accompanying notes are an integral part of this statement.

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

Statement of Revenues, Expenses, and
 Changes in Retained Earnings
 For the Year Ended June 30, 1996

OPERATING REVENUES	
Rents and leases	\$ 777,427
Commissions on fuel	23,471
Other revenues	<u>2,501</u>
Total operating revenues	<u>803,399</u>
OPERATING EXPENSES	
Personal services	218,776
Contractual services	73,417
Material and supplies	28,156
Repairs and maintenance	55,270
Other expenses	12,633
Depreciation expense	<u>260,671</u>
Total operating expenses	<u>648,923</u>
OPERATING INCOME	<u>154,476</u>
NONOPERATING INCOME	
Interest income	301,354
Gain on sale of assets	4,025
Unrealized depreciation on investment valuation (Note 1-E)	<u>(74,084)</u>
Total nonoperating income	<u>231,295</u>
NET INCOME	385,771
ADD DEPRECIATION OF FIXED ASSETS ACQUIRED BY CONTRIBUTED CAPITAL	<u>179,556</u>
INCREASE IN RETAINED EARNINGS	565,327
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>6,584,691</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 7,150,018</u>

The accompanying notes are an integral part of this statement.

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

Statement of Cash Flows
 Decrease in Cash and Cash Equivalents
 For the Year Ended June 30, 1996

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	\$ 385,881
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	260,671
Unrealized depreciation on investment valuation	74,084
(Increase) decrease in:	
Receivables	(511,162)
Prepaid insurance	1,775
Due from other governments	(48,001)
Increase (decrease) in:	
Accounts payable	(2,860)
Deferred revenues	4,472
Compensated absences payable	<u>632</u>
Net cash flows from operating activities	<u>165,492</u>
 CASH FLOWS USED IN INVESTING ACTIVITIES	
Purchases of property, plant, and equipment	(2,022,212)
Principal returns of investments	<u>251,984</u>
Net cash flows used in investing activities	<u>(1,770,228)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Contributions in aid of construction	<u>1,341,846</u>
Net decrease in cash and equivalents	(262,890)
CASH AND EQUIVALENTS, beginning	<u>952,996</u>
CASH AND EQUIVALENTS, ending	<u>\$ 690,106</u>

The accompanying notes are an integral part of this statement.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended June 30, 1996

NOTE 1 - Summary of Significant Accounting Policies

The Houma-Terrebonne Airport Commission was created by the City of Houma and the Terrebonne Parish Police Jury in 1957, as authorized by Louisiana Revised Statute 2:602. On January 9, 1984, after a vote of the citizens of Terrebonne Parish, the City of Houma and the Terrebonne Parish Police Jury were consolidated to form the Terrebonne Parish Consolidated Government. The airport commission is governed by a five-member board. The Terrebonne Parish Consolidated Government appoints four members, and the remaining member is appointed by the other board members. The airport commission is responsible for maintaining and operating the Houma-Terrebonne Airport, which provides airport facilities and services that accommodate general aviation.

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

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

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Financial accountability by

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended June 30, 1996

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

the consolidated government is determined on the basis of the following criteria:

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

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

A. FUND ACCOUNTING

The Houma-Terrebonne Airport Commission is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed primarily through user charges.

B. FIXED ASSETS AND LONG-TERM LIABILITIES

Fixed assets of the airport commission, excluding donated property and equipment, are valued at cost. All donated property and equipment are recorded at estimated fair market value on the date of the donation. Assets are capitalized if costs exceed \$500 and

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended June 30, 1996

if they have a useful life of at least one year. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Fixed assets reported on the balance sheet are net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of the individual asset. Estimated useful lives of assets range from 5 to 40 years as follows:

<u>Property</u>	<u>Estimated Life in Years</u>
Master Plan Phase I - taxiways and paving	40
Runways and parking apron	10-40
Runways and approach lighting	7-30
Hangers	25-30
Buildings	15-40
Equipment	3-40
Automobiles and trucks	6-14
Office furniture and fixtures	5-20
Land improvements	20-40
Industrial park improvements	40
Miscellaneous	8-20

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

By a quit-claim deed executed on April 9, 1958, the Houma-Terrebonne Airport Commission acquired 1743.47 acres of airport property and existing facilities that were transferred to the City of Houma and the Terrebonne Parish Police Jury by the General Services Administration pursuant to the authority contained in the Federal Property and Administrative Services Act of 1949 and the Surplus Property Act of 1944. Administration of this property is governed by the provisions of this quit-claim deed. The quit-claim deed is carried on the books at the nominal value of \$1 and, accordingly, no depreciation is included in the accompanying financial statements.

Long-term liabilities are recognized within the Enterprise Fund.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended June 30, 1996

C. BASIS OF ACCOUNTING

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

D. CASH AND CASH EQUIVALENTS

Under state law, the commission may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At June 30, 1996, the commission has cash and cash equivalents totaling \$ 690,106 as follows:

Petty cash	\$	200
Interest bearing demand deposits		77,031
Government money market fund		<u>612,875</u>
Total	\$	<u>690,106</u>

These deposits are stated at cost, which equals market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. The securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Bank deposits were fully secured during the year ended June 30, 1996.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended June 30, 1996

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

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

E. INVESTMENTS

Under state law, the commission may invest in United States bonds, treasury notes, or certificates. At June 30, 1996, the commission holds investments totaling \$ 3,198,469 as follows:

	<u>Cost</u>	<u>Market Value</u>
Government National Mortgage Assoc.	\$ 757,224	\$ 800,333
Federal National Mortgage Assoc.	1,310,081	1,257,677
Federal Home Loan Mortgage Corp.	<u>1,268,059</u>	<u>1,140,459</u>
Total	<u>\$ 3,335,364</u>	<u>\$ 3,198,469</u>

These investments are stated on the balance sheet at market value, which was less than cost by \$136,896 at June 30, 1996. The investments are registered in the name of the broker for the benefit of the airport commission and are held by the broker. Because the underlying securities are not held in the airport commission's name and are not held by the airport commission or its agent, they are considered uninsured and unregistered (Category 3) in applying the credit risk of GASB Codification Section I 50.164. The Commission's investment philosophy as related to these investments is to hold these investments until maturity. Such philosophy results in no loss of principal regardless of market conditions. During the year ended June 30, 1996 the Commission recognized \$ 74,084 of unrealized depreciation on such investments.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended June 30, 1996

In addition to the aforementioned investments, the airport commission participates in a deferred compensation plan (note 5). At June 30, 1996, the plan administrator held fixed annuities for plan participants valued at \$ 265,549. These assets are valued at fair market value.

F. VACATION AND SICK LEAVE

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

In addition, employees are granted 10 days of sick leave each year. A maximum of 10 days of unused vacation leave may be carried forward from year to year. Sick leave can be accumulated not to exceed 90 days. Upon separation of employment, employees are compensated for accumulated vacation leave at the employee's current rate of pay. Employees retiring with more than 10 years of service are compensated for 50 percent of the accumulated sick leave to a maximum of 45 days. At June 30, 1996, employees of the airport commission have accumulated \$ 19,343 of employee leave benefits.

NOTE 2 - RECEIVABLES

The following is a summary of receivables at June 30, 1996:

	Current	Long Term
Rent receivable	\$ 43,277	\$ -0-
Due from tenants for parking lots	2,111	6,139
Notes receivable	24,383	36,267
	\$ 69,771	\$ 42,406

Because the Federal Aviation Administration required fencing of airport property, many tenant parking lots were no longer convenient for customer use. As a result, the commission entered into agreements with several tenants to build new parking lots and finance the construction of these lots over the remaining lease terms. At June 30, 1996, the amount due from tenants for parking lots totals \$ 8,250.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended June 30, 1996

NOTE 2 - RECEIVABLES (Cont.)

On December 29, 1987, the commission sold the building acquired from the lease termination of July 1, 1987, to Shield Coat, Incorporated, for a 10-year note receivable of \$ 115,600. On March 3, 1988, the commission sold the building acquired from the lease default of October 5, 1987, to Walker Watts Aviation for a 10-year note receivable of \$ 16,730. On May 21, 1992, the commission sold buildings built by the commission on January 1, 1965, to Walker Watts Aviation for a 10-year note receivable of \$ 8,000. On June 24, 1992, the commission sold a building acquired from lease termination to Gulf Aire Enterprises, Inc. for a 10-year note receivable of \$ 54,800. On February 18, 1993 the Commission sold a building acquired from lease termination to Gulfland Equipment Corporation for a 10-year note receivable of \$ 8,542. The five notes receivable are due in monthly installments of \$ 964, \$ 139, \$ 133, \$ 725, and \$ 72 respectively. All notes are non-interest bearing other than the receivable from Gulf Aire Enterprises, Inc. which bears interest of 10 percent per anum. At June 30, 1996, the amount due from these notes receivable totals \$ 60,650.

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

NOTE 3 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 1996 is:

Terrebonne Parish Consolidated Government	<u>\$ 473,300</u>
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The amount due from the Terrebonne Parish Consolidated Government represents lease payments due to the airport commission for the period from July 1, 1982 through June 30, 1996. The airport commission has negotiated an agreement with the parish government for in-kind services to be rendered to pay the amount due on this lease. On November 15, 1996 this agreement was signed by the Parish President and Airport Chairman.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended June 30, 1996

NOTE 4 - FIXED ASSETS

A summary of fixed assets at June 30, 1996 is as follows:

Land	\$ 985,667
Buildings	303,750
Improvements other than buildings	7,682,968
Furniture and equipment	318,290
Construction in progress	<u>2,277,922</u>
	11,568,597
Less accumulated depreciation	<u>(3,637,884)</u>
Total	<u>\$ 7,930,713</u>

NOTE 5 - DEFERRED COMPENSATION PLAN

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

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

The deferred compensation liability and asset are equal to the total cash balances for each participant's account as of June 30, 1996.

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

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended June 30, 1996

NOTE 6 - PENSION PLAN

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

The commission's total payroll in fiscal year 1996 was \$ 146,198. The commission's contributions were calculated using the base salary amount of \$ 145,020 for full-time employees. The commission and the employees made the required five per cent contributions, \$ 7,251, or \$ 14,503 in total.

NOTE 7 - POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Houma-Terrebonne Airport Commission provides certain continuing health care and life insurance benefits for its retired employees. All of the airport commission's employees become eligible for these benefits if they reach normal retirement age while working for the commission. These benefits for retirees, as well as similar benefits for active employees, are provided through an insurance company whose monthly premiums are paid by the commission, except for \$ 40 paid by the employee for dependent coverage. For the year ended June 30, 1996 the cost of retiree benefits totaled \$11,284. Effective July 1, 1993 employees retiring with 10 or more years of service and age 65 or greater are eligible to participate in a Medicare Supplement program sponsored by the Commission with the retiree share of the premium set by the Commission.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended June 30, 1996

NOTE 8 - LEASES

The airport commission leases various parcels of land and/or buildings located at the airport to various aviation, industrial and business concerns. These are noncancellable leases with obligated terms ranging from one to ten years or other maximums established by Louisiana Revised Statutes. All leases contain escalation clauses. The leases are subject to state bid laws and final approval by the Federal Aviation Administration under the terms of the quit-claim deed signed April 9, 1958. The following is a schedule of future minimum rental income from noncancellable operating revenue leases as of June 30, 1996:

Year Ending	
1997	\$ 635,152
1998	430,396
1999	338,942
2000	267,042
2001	184,131
Thereafter	<u>1,474,727</u>
	<u>\$ 3,330,390</u>

NOTE 9 - CONTRIBUTED CAPITAL

Amounts contributed to the airport commission to acquire or construct fixed assets are recognized as contributed capital. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired from such contributions. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net income. The following is a summary of contributed capital as of June 30, 1996:

Contributions from:	
Federal Aviation Administration	\$ 6,553,417
State of Louisiana	691,193
United States Department of Commerce	310,500
City of Houma	100,000
Terrebonne Parish Consolidated Government	201,031
Donations	<u>70,299</u>
	7,926,440
Less amortization	<u>(2,206,448)</u>
	<u>\$ 5,719,992</u>

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Supplemental Information Schedule
As of and for the Year Ended June 30, 1996

Compensation Paid Board of Commissioners

The schedule of compensation paid board of commissioners is presented in compliance with the House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As provided by Louisiana Revised Statute 2:603, the board members have elected the monthly meeting method of compensation. Under this method, the chairman receives a monthly salary, and the chairman and other board members receive a payment for each meeting attended with a limit of two meetings per month. The chairman receives \$75 per meeting and \$150 per month salary. The board members receive \$60 per meeting. The compensation is included in personal services expense on the statement of revenues and expenses.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Schedule of Compensation Paid Board of Commissioners
For the Year Ended June 30, 1996

Augustus Brown	\$ 1,380
Albert Guidry	1,380
Leopold C. LaCoste	1,380
John D. Monteiro, Chairman	3,525
John Wiemann	<u>1,320</u>
Total	<u>\$ 8,985</u>

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

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

We have audited the general purpose financial statements of the Houma-Terrebonne Airport Commission as of and for the year ended June 30, 1996, and have issued our report thereon dated August 23, 1996.

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

The management of the Houma-Terrebonne Airport Commission is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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

In planning and performing our audit of the general purpose financial statements of the Houma-Terrebonne Airport Commission for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

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

Martin and Pelfo

August 23, 1996

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

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

We have audited the general purpose financial statements of the Houma-Terrebonne Airport Commission as of and for the year ended June 30, 1996, and have issued our report thereon dated August 23, 1996.

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

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

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

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

Martin and Pellegrin

August 23, 1996

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INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF
FEDERAL FINANCIAL ASSISTANCE

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

We have audited the general purpose financial statements of the Houma-Terrebonne Airport Commission, Parish of Terrebonne, as of June 30, 1996, and have issued our report thereon dated August 23, 1996. These general purpose financial statements are the responsibility of the management of the Houma-Terrebonne Airport Commission. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Houma-Terrebonne Airport Commission taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Martin and Pellegrin
August 23, 1996

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

Schedule of Federal Financial Assistance
 Year Ended June 30, 1996

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures 6/30/96</u>
<u>U.S. Department of Transportation</u>			
Federal Aviation Administration			
Airport Improvement Program			
Runway 18/36 Extension Phase I	20.106	DOT FA 95 SW - 8015	\$ 1,516,354
Runway 18/36 Extension Phase II	20.106	DOT FA 96 SW - 8003	<u>458,897</u>
			<u>\$ 1,975,251 *</u>

* - denotes major program: includes \$1,310,915 of federal expenditures and \$ 664,336 of local expenditures

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

We have audited the general purpose financial statements of the Houma-Terrebonne Airport Commission as of and for the year ended June 30, 1996, and have issued our report thereon dated August 23, 1996.

We have also audited the Houma-Terrebonne Airport Commission's compliance with the requirements governing type of services allowed or unallowed; matching, level of effort, or earmarking; reporting; expenditure of airport revenues; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to its major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance for the year ended June 30, 1996. The management of the Houma-Terrebonne Airport Commission is responsible for the Commission's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Houma-Terrebonne Airport Commission's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Houma-Terrebonne Airport Commission complied, in all material respects, with the requirements governing types of services allowed or unallowed; matching, level of effort, or earmarking; reporting; expenditure of airport revenues; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to its major federal financial assistance program for the year ended June 30, 1996.

This report is intended for the information of the Houma-Terrebonne Airport Commission and other regulatory agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Martin and Self

August 23, 1996

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

We have audited the general purpose financial statements of the Houma-Terrebonne Airport Commission for the year ended June 30, 1996, and have issued our report thereon dated August 23, 1996.

We have applied procedures to test the Houma-Terrebonne Airport Commission's compliance with the following requirements applicable to its federal financial assistance program, which is identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996: political activity, civil rights, Davis-Bacon Act, allowable costs/cost principles, Drug-free Workplace Act, cash management, and Federal financial reports.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Houma-Terrebonne Airport Commission's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Houma-Terrebonne Airport Commission had not complied, in all material respects, with those requirements.

This report is intended for the information of the Houma-Terrebonne Airport Commission and other regulatory agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Martin and Pelfo
August 23, 1996

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE USED IN ADMINISTERING FEDERAL
FINANCIAL ASSISTANCE PROGRAMS

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

We have audited the general purpose financial statements of the Houma-Terrebonne Airport Commission for the year ended June 30, 1996 and have issued our report thereon dated August 23, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether the Houma-Terrebonne Airport Commission complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning our audit for the year ended June 30, 1996, we considered the internal control structure of the Houma-Terrebonne Airport Commission in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements of the Houma-Terrebonne Airport Commission, and on the compliance of the Houma-Terrebonne Airport Commission with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated August 23, 1996.

The management of the Houma-Terrebonne Airport Commission is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control policies and procedures. The objectives of internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or other instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to the future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Revenue and Cash Receipts
Expenditures for Goods and Services

For both of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996 the Houma-Terrebonne Airport Commission expended one hundred percent of its total federal financial assistance under a major federal financial assistance program.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances or reimbursements and amounts claimed or used for matching that are applicable to the Houma-Terrebonne Airport Commission's major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the use of the Houma-Terrebonne Airport Commission and other regulatory agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Martin and Pelf

August 23, 1996