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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, 2002

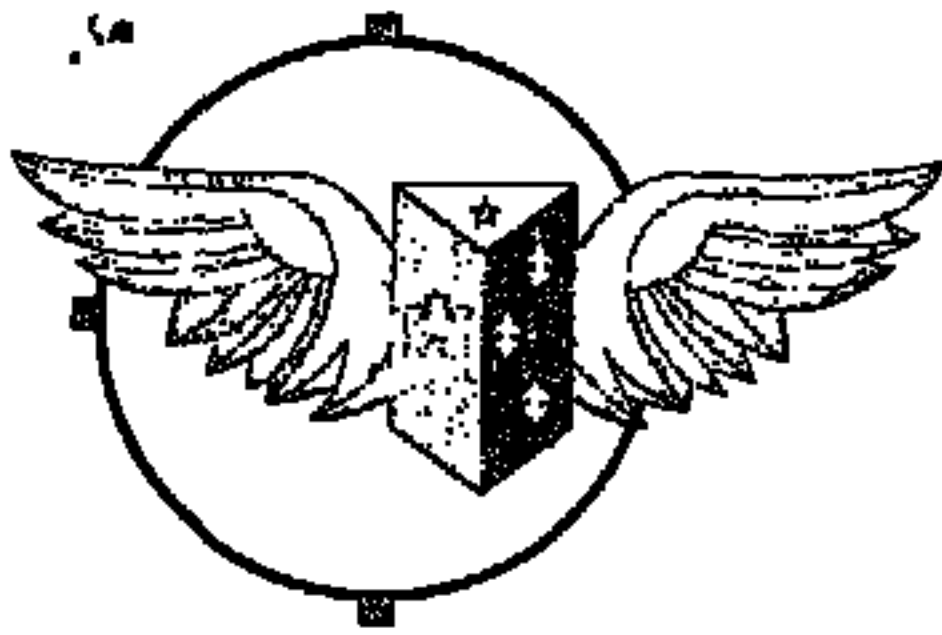
Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the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

Release Date 6/25/03

LAFAYETTE REGIONAL AIRPORT

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LAFAYETTE AIRPORT COMMISSION

LAFAYETTE REGIONAL AIRPORT

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, 2002.

AIRPORT ACTIVITIES & HIGHLIGHTS

- ✈ In 2002, the Lafayette Regional Airport's enplanements were 159,573, a decrease of 12%, vs. enplanements of 181,213 in 2001. The reduction was largely due to continued impact from September 11, 2001, the departure of the second largest airline operating at the Lafayette Regional Airport and a troubling economy.
- ✈ On February 17, 2002 the Transportation Security Administration (TSA) assumed management of airport security screening contracts from the nation's airlines. The transition to a fully federalized system marked the beginning of another milestone in aviation security.
- ✈ One of the four commercial airlines, American Eagle Airlines, operating at the Lafayette Regional Airport discontinued service in May 2002. The exit led to less revenue from the airline for landing fees, terminal space rent and parking.
- ✈ Northwest Airlines/Pinnacle added regional jet service to its schedule. In addition to providing more seats, the 50-passenger Canadair Regional Jet (CRJ) offers enhanced amenities as well as increased customer convenience.
- ✈ A full-scale emergency drill was conducted with approximately 40 agencies involved, including local fire and police departments, Office of Emergency Preparedness, Red Cross, FAA, TSA, local hospitals, and victim volunteers. The exercise was a success with positive comments from all participants.
- ✈ With assistance in the form of federal and state grants, the Taxiway Rehabilitation Project was completed at year end. The taxiways serve commercial, general aviation, business and cargo operations. The overlay of these taxiways will provide for increased safety and overall improvement of operations.

FINANCIAL HIGHLIGHTS

- ✈ Operating Revenues increased by 15.3% from \$4.2 million to \$4.8 million due to several factors. During 2002, the Lafayette Regional Airport's Passenger Facility Charge increased from \$3.00 to \$4.50 per passenger which resulted in increased PFC collections. In addition, the airport received \$347,299 in grant revenues for reimbursement of security costs expensed as a result of federal directives. Rental revenues increased slightly due to annual adjustments based on consumer price index and Lafayette Regional Airport Ordinance 92-1, which establishes rates and charges for terminal space.
- ✈ Operating Expenses increased by 11.5% from \$5.0 million to \$5.6 million primarily due to significant increases associated with security, aircraft rescue and fire fighting, repairs and maintenance to leased facilities, environmental, and insurance costs.
- ✈ Non-Operating Income/(Expenses) changed from a net income of \$69,787 in 2001 to a net expense of \$20,037 in 2002 due mainly to the following: lower interest income resulting from lower interest rates and an entire year of interest expense on long term debt recognized in the current year compared to only a few months in the prior year.
- ✈ Additional funding for airport operations is received through ad valorem tax revenue. In 2002 the airport received approximately \$1.15 million in revenues.
- ✈ Capital contributions received in 2002 were \$1.3 million compared to \$3.1 million in 2001.

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?" These statements include all assets and liabilities 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 in them. 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.

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 cover most of the cost of the services it provides. The Airport's entire cost of operations is reported here.

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. 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

Our analysis below focuses on the net assets and changes in net assets of the Airport's governmental and business-type activities. Because this is the first year of implementation of GASB 34, comparative data has not been presented. In future years, a comparative analysis of government-wide data will be presented.

CHANGES IN NET ASSETS

	Governmental Activities <u>2002</u>	Business-type Activities <u>2002</u>	Total Primary Government <u>2002</u>
Revenues			
Program revenues:			
Charges for services	\$ -	\$ 4,550,600.00	\$ 4,550,600.00
Operating grants	\$ -	\$ 347,299.00	\$ 347,299.00
Capital contributions	\$ -	\$ 1,370,889.00	\$ 1,370,889.00
General revenues:			
Property taxes	\$ 1,109,689.00	\$ -	\$ 1,109,689.00
State revenue sharing	\$ 39,257.00	\$ -	\$ 39,257.00
Investment earnings	\$ -	\$ 107,636.00	\$ 107,636.00
Other general revenues	\$ -	\$ 170,574.00	\$ 170,574.00
Total revenues	\$ 1,148,946.00	\$ 6,546,998.00	\$ 7,695,944.00
Program expenses			
Administration	\$ -	\$ 761,093.00	\$ 761,093.00
Communication & Utilities	\$ -	\$ 238,485.00	\$ 238,485.00
Supplies & Materials	\$ -	\$ 53,826.00	\$ 53,826.00
Repairs & Maintenance	\$ -	\$ 480,950.00	\$ 480,950.00
Security	\$ -	\$ 677,617.00	\$ 677,617.00
Arff	\$ -	\$ 503,325.00	\$ 503,325.00
Airfield	\$ -	\$ 134,632.00	\$ 134,632.00
Contractual Services	\$ -	\$ 679,184.00	\$ 679,184.00
Miscellaneous	\$ -	\$ 203,689.00	\$ 203,689.00
Depreciation	\$ -	\$ 1,913,227.00	\$ 1,913,227.00
Interest expense	\$ -	\$ 257,673.00	\$ 257,673.00
Assessor's pension	\$ -	\$ 40,574.00	\$ 40,574.00
Total expenses	\$ -	\$ 5,944,275.00	\$ 5,944,275.00
Excess(deficiency) before special items and transfers	\$ 1,148,946.00	\$ 602,723.00	\$ 1,751,669.00
Transfers	\$ (1,148,946.00)	\$ 1,148,946.00	\$ -
Increase(decrease) in net assets	\$ -	\$ 1,751,669.00	\$ 1,751,669.00

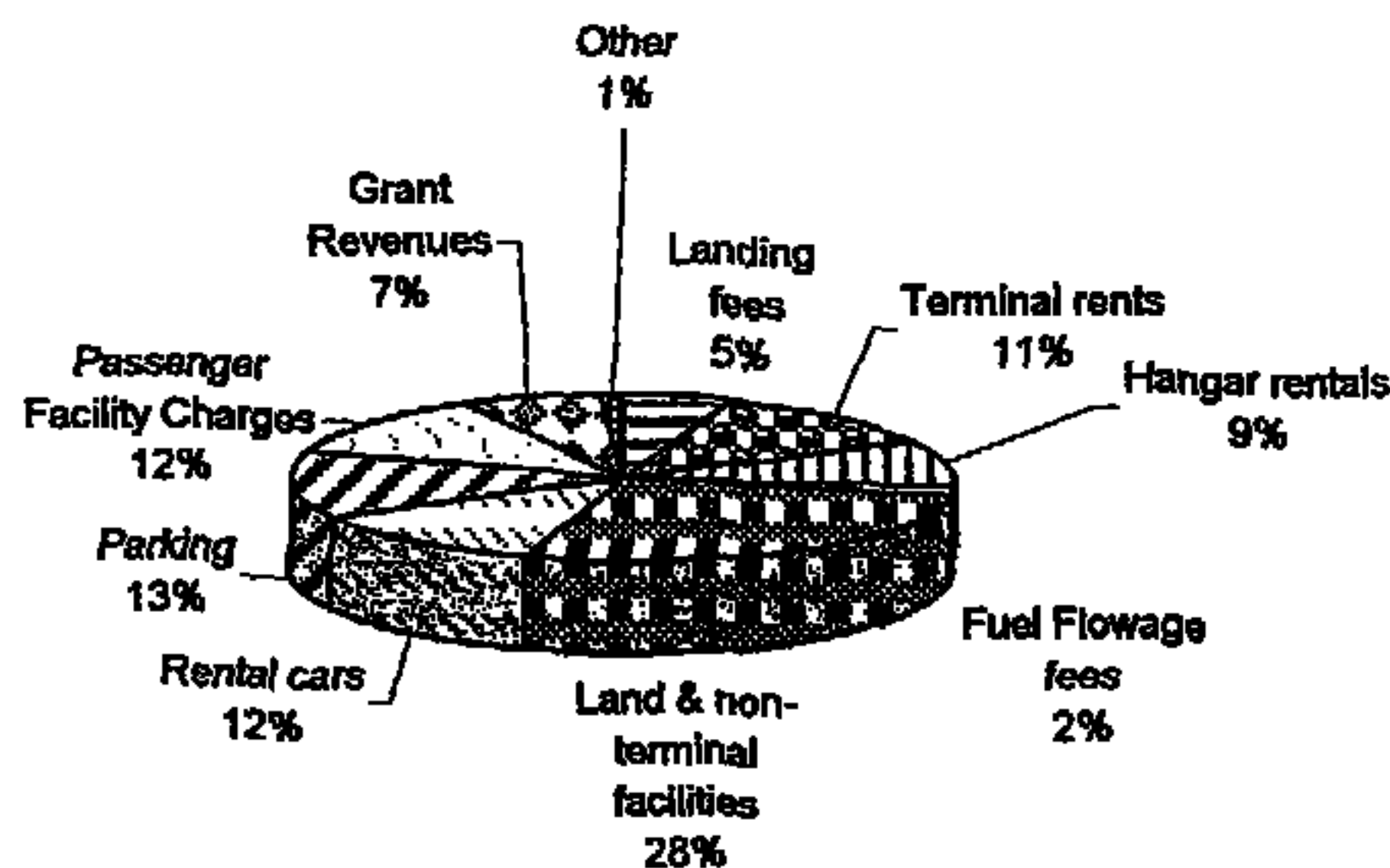
NET ASSETS

	Governmental Activities <u>2002</u>	Business-type Activities <u>2002</u>	Total Primary Government <u>2002</u>
ASSETS:			
Current assets	\$ 821,500.00	\$ 6,152,069.00	\$ 6,973,569.00
Capital assets	\$ -	\$ 59,078,693.00	\$ 59,078,693.00
Total assets	\$ 821,500.00	\$ 65,230,762.00	\$ 66,052,262.00
LIABILITIES:			
Long-Term Debt Outstanding	\$ -	\$ 3,138,397.00	\$ 3,138,397.00
Other Liabilities	\$ 821,500.00	\$ 700,238.00	\$ 1,521,738.00
Total Liabilities	\$ 821,500.00	\$ 3,838,635.00	\$ 4,660,135.00
NET ASSETS:			
Invested in capital assets, net of debt	\$ -	\$ 53,648,607.00	\$ 53,648,607.00
Restricted	\$ -	\$ 1,590,868.00	\$ 1,590,868.00
Unrestricted	\$ -	\$ 6,152,652.00	\$ 6,152,652.00
TOTAL NET ASSETS	\$ -	\$ 61,392,127.00	\$ 61,392,127.00

REVENUES

The following chart shows the major sources and percentage of operating revenues of the proprietary fund for the year ended December 31, 2002:

Operating Revenues



Operating:

	2002	Percent of total	Increase (Decrease) From 2001	Percent Increase (Decrease)
Landing fees	\$ 266,934.00	3.5%	\$ (7,919.00)	-2.9%
Terminal rent/charges	\$ 557,856.00	7.2%	\$ (10,327.00)	-1.8%
Hangar rentals	\$ 432,856.00	5.6%	\$ 42,572.00	10.9%
Fuel Flowage fees	\$ 78,200.00	1.0%	\$ 14,827.00	23.4%
Land & non-terminal facilities	\$ 1,347,047.00	17.5%	\$ 114,455.00	9.3%
Rental cars	\$ 591,274.00	7.7%	\$ (8,541.00)	-1.4%
Parking	\$ 643,452.00	8.4%	\$ (96,901.00)	-13.1%
Passenger Facility Charges	\$ 583,831.00	7.6%	\$ 224,649.00	62.5%
Grant Revenues	\$ 347,299.00	4.5%	\$ 347,299.00	100.0%
Other	\$ 49,150.00	0.6%	\$ 29,900.00	155.3%
Total Operating	\$ 4,897,899.00	63.6%	\$ 650,014.00	342.2%

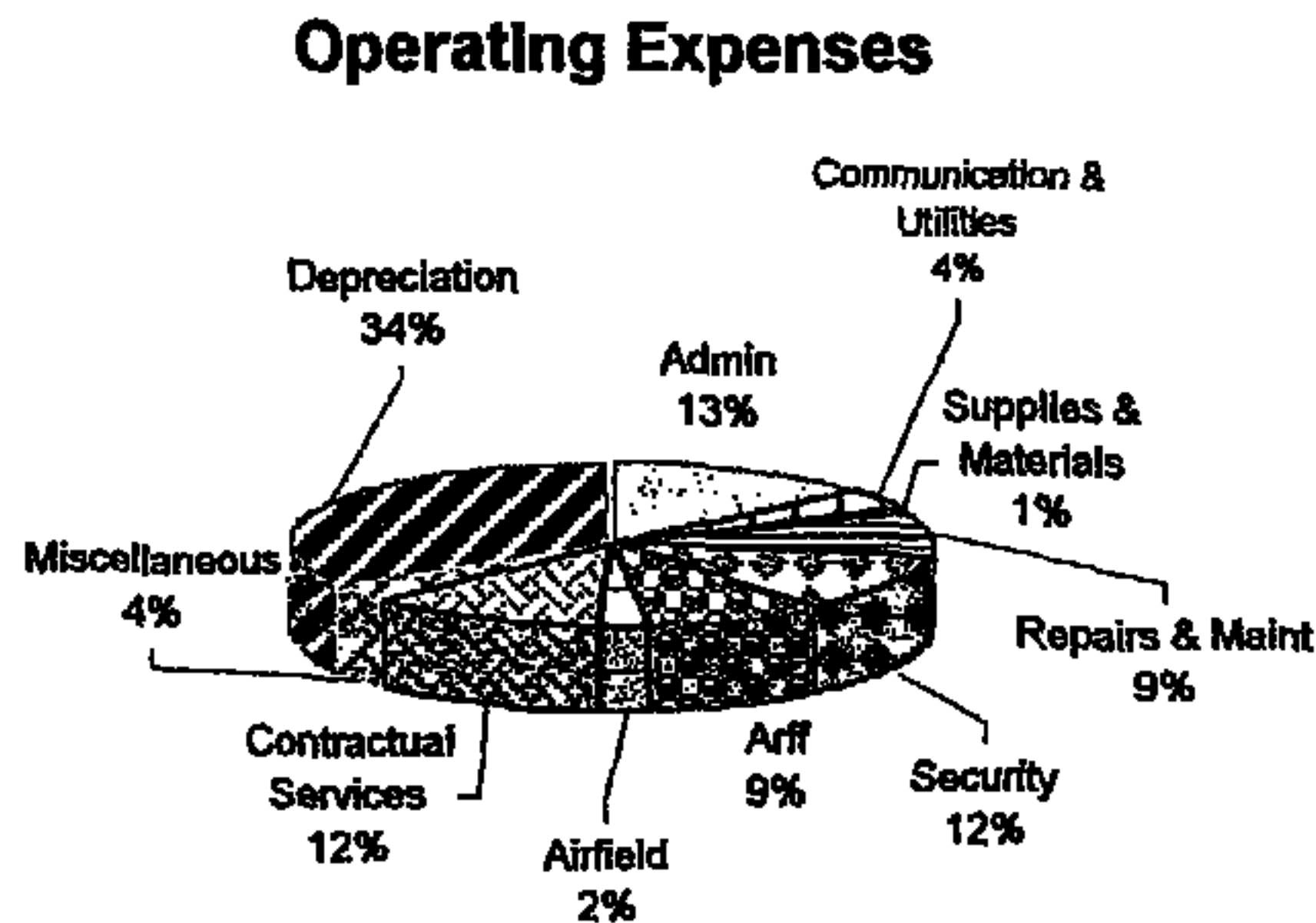
Non-Operating:

Interest Income	\$ 107,636.00	1.4%	\$ (67,556.00)	-38.6%
Insurance Proceeds	\$ 170,574.00	2.2%	\$ 78,892.00	86.0%
Maintenance & Operation Tax (transfer in)	\$ 1,148,946.00	14.9%	\$ 254,056.00	28.4%
Capital Contributions	\$ 1,370,889.00	17.8%	\$ (1,791,246.00)	-56.6%
Total Non-Operating	\$ 2,798,045.00	36.4%	\$ (1,525,854.00)	19.2%

TOTAL REVENUES	\$ 7,695,944.00	100.0%	\$ (875,840.00)	
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EXPENSES

The following chart shows the major sources and percentage of operating expenses of the proprietary fund for the year ended December 31, 2002:



Operating:

	2002	Percent of total	Increase (Decrease) From 2001	Percent Increase (Decrease)
Administration	\$ 761,093.00	12.8%	\$ 74,276.00	10.8%
Communications & Utilities	\$ 238,485.00	4.0%	\$ (10,614.00)	-4.3%
Supplies & Materials	\$ 53,826.00	0.9%	\$ 5,400.00	11.2%
Repairs & Maintenance	\$ 480,950.00	8.1%	\$ 127,411.00	36.0%
Security	\$ 677,617.00	11.4%	\$ 306,139.00	82.4%
Arff	\$ 503,325.00	8.5%	\$ 53,552.00	11.9%
Airfield	\$ 134,632.00	2.3%	\$ 5,630.00	4.4%
Contractual Services	\$ 679,184.00	11.4%	\$ (90,358.00)	-11.7%
Miscellaneous	\$ 203,689.00	3.4%	\$ 33,946.00	20.0%
Depreciation	\$ 1,913,227.00	32.2%	\$ 42,994.00	2.3%
Total Operating	\$ 5,646,028.00	95.0%	\$ 548,376.00	160.7%

Non-Operating:

Interest expense	\$ 257,673.00	4.3%	\$ 129,623.00	101.2%
Assessor's pension	\$ 40,574.00	0.7%	\$ 8,535.00	26.6%
	\$ 298,247.00	5.0%	\$ 138,158.00	127.9%

TOTAL EXPENSES	\$ 5,944,275.00	100.0%	\$ 686,534.00	
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GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund Revenues consist of ad valorem tax revenues which are based on assessed values determined by the Tax Assessor of Lafayette Parish, collected by the Lafayette Parish Sheriff and submitted to the Lafayette Regional Airport. The General Fund had a positive variance of \$248,946 due to property tax collections 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

During 2002, the airport expended \$1.6 million on capital activities. This included \$1.3 million toward capital projects: taxiway "lima", terminal cargo apron, and taxiway rehabilitation. Other acquisitions and improvements for 2002 included the following: air handlers, airport sign and fingerprinting equipment. The airport continues improving facilities with projects ongoing at year end to include: airport master plan, terminal cargo apron and 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 2002, the Lafayette Regional Airport retired debt on its fuel farm. The only remaining debt is a loan payable to Petroleum Helicopters, Inc. This loan agreement was entered into in order to complete construction on the new PHI facility. Repayment of the loan will be made through a reduction in lease payments made by PHI on a monthly basis.

ECONOMIC FACTORS

The following are several factors considered in the budgetary process:

- economic environment of the airline industry
- consumer price index adjustments
- escalating costs for insurance, security, and contract services
- increase of ad valorem tax millage supporting airport operations

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.

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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, 2002, 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, 2002, 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 12, 2003, 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 2 through 8 and 31 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 12, 2003

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

STATEMENT OF NET ASSETS
DECEMBER 31, 2002

	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ -	\$ 3,327,920	\$ 3,327,920
Investments	-	2,018,492	2,018,492
Accounts Receivable	-	217,523	217,523
Other Receivables	-	12,992	12,992
Ad Valorem Tax Receivable	473,465	-	473,465
Due From Lafayette Parish Sheriff's Office	348,035	-	348,035
Grant Funds Receivable	-	422,448	422,448
Prepays	-	152,694	152,694
	<u>821,500</u>	<u>6,152,069</u>	<u>6,973,569</u>
Total Current Assets			
	<u>821,500</u>	<u>6,152,069</u>	<u>6,973,569</u>
Noncurrent Assets:			
Restricted Assets	-	1,983,673	1,983,673
Property and Equipment (Net)	-	22,570,408	22,570,408
Land	-	5,521,116	5,521,116
Construction Work in Progress	-	29,003,496	29,003,496
	<u>-</u>	<u>59,078,693</u>	<u>59,078,693</u>
Total Noncurrent Assets			
	<u>-</u>	<u>59,078,693</u>	<u>59,078,693</u>
 TOTAL ASSETS	 <u>\$ 821,500</u>	 <u>\$ 65,230,762</u>	 <u>\$ 66,052,262</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, 2002

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>	<u>TOTAL</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ -	\$ 582,131	\$ 582,131
Accrued Expenses	-	51,668	51,668
Deferred Revenue	69,081	168,750	237,831
Internal Balances	752,419	(752,419)	-
Accrued Interest Payable	-	47,247	47,247
Escrow Payable	-	226,228	226,228
Security Deposits	-	15,975	15,975
Current Portion-Long Term Debt	-	308,016	308,016
Total Current Liabilities	<u>821,500</u>	<u>647,596</u>	<u>1,469,096</u>
Noncurrent Liabilities			
Note Payable - PHI	-	3,138,397	3,138,397
Accrued Compensated Absences	-	52,642	52,642
Total Noncurrent Liabilities	<u>-</u>	<u>3,191,039</u>	<u>3,191,039</u>
TOTAL LIABILITIES	<u>821,500</u>	<u>3,838,635</u>	<u>4,660,135</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	-	53,648,607	53,648,607
Restricted for:			
PFC Projects	-	1,590,868	1,590,868
Unrestricted	-	6,152,652	6,152,652
TOTAL NET ASSETS	<u>-</u>	<u>61,392,127</u>	<u>61,392,127</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 821,500</u>	<u>\$ 65,230,762</u>	<u>\$66,052,262</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 ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2002

	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government Business-type Activities	
			Grants and Contributions	Capital Grants and Contributions		Total	
Governmental Activities							
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Governmental Activities	-	-	-	-	-	-	-
Business-type Activities							
Airport Services	5,944,275	4,550,600	347,299	1,370,889	-	324,513	324,513
Total Business-Type Activities	5,944,275	4,550,600	347,299	1,370,889	-	324,513	324,513
Total Primary Government	<u>\$ 5,944,275</u>	<u>\$ 4,550,600</u>	<u>\$ 347,299</u>	<u>\$ 1,370,889</u>	<u>-</u>	<u>324,513</u>	<u>324,513</u>
General Revenues:							
Property Taxes					1,109,689	-	1,109,689
State Revenue Sharing					39,257	-	39,257
Investment Earnings					-	107,636	107,636
Other General Revenues					-	170,574	170,574
Transfers					(1,148,946)	1,148,946	-
Total general revenues and transfers					-	1,427,156	1,427,156
Change in Net Assets					-	1,751,669	1,751,669
Net Assets-Beginning					-	59,640,458	59,640,458
Net Assets-Ending					<u>\$ -</u>	<u>\$ 61,392,127</u>	<u>\$ 61,392,127</u>

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, 2002**

	<u>General Fund</u>
ASSETS	
Ad Valorem Tax Receivable	\$ 473,465
Due From Lafayette Parish Sheriff's Office	<u>348,035</u>
TOTAL ASSETS	<u>\$ 821,500</u>
 LIABILITIES AND FUND BALANCE	
LIABILITIES	
Deferred Tax Revenue	\$ 69,081
Due to Proprietary Fund	<u>752,419</u>
TOTAL LIABILITIES	821,500
FUND BALANCE	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 821,500</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, 2002**

	<u>General Fund</u>
REVENUE	
Ad Valorem Tax	\$ 1,109,689
State Revenue Sharing	<u>39,257</u>
Total Revenues	<u>1,148,946</u>
OTHER FINANCING USES	
Transfers to Proprietary Fund	<u>(1,148,946)</u>
Total Other Financing Uses	<u>(1,148,946)</u>
EXCESS OF REVENUES OVER OTHER FINANCING USES	-
FUND BALANCE, BEGINNING	<u>-</u>
FUND BALANCE, ENDING	<u><u>\$ -</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, 2002**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 3,327,920
Investments	2,018,492
Accounts Receivable	217,523
Interest Receivables	12,992
Due From General Fund	752,419
Grant Funds Receivable	422,448
Prepays	<u>152,694</u>
Total Current Assets	<u>6,904,488</u>

RESTRICTED ASSETS

Cash	
Grant Funds	374,096
PFC Funds	1,589,162
Security Deposits	<u>20,415</u>
Total Restricted Assets	<u>1,983,673</u>

PROPERTY AND EQUIPMENT

Property and Equipment	67,777,418
Land	5,521,116
Construction in Progress	<u>29,003,496</u>
Total	102,302,030
Less: Accumulated Depreciation	<u>(45,207,010)</u>
Net Property and Equipment	<u>57,095,020</u>

TOTAL ASSETS

\$65,983,181

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, 2002**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 582,131
Accrued Expenses	51,668
Accrued Interest Payable	47,247
Escrow Payable	226,228
Deferred Revenue	168,750
Current Portion of Long-Term Debt	<u>308,016</u>
Total Current Liabilities	<u>1,384,040</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

Note Payable-PHI	3,138,397
Accrued Compensated Absences	<u>52,642</u>
Total Non-Current Liabilities	<u>3,191,039</u>

TOTAL LIABILITIES	<u><u>4,591,054</u></u>
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NET ASSETS

Invested in Capital Assets, Net of Related Debt	53,648,607
Restricted for:	
PFC Projects	1,590,868
Unrestricted	<u>6,152,652</u>
TOTAL NET ASSETS	<u><u>61,392,127</u></u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$65,983,181</u></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, 2002**

	<u>2002</u>
OPERATING REVENUES	
Rentals	\$ 2,929,033
Commissions	78,200
Landing Fees	266,934
Parking Tolls	643,452
Passenger Facility Charges	583,831
Grant Revenues	347,299
Miscellaneous	49,150
Total Operating Revenues	<u>4,897,899</u>
OPERATING EXPENSES	
Salaries and Costs of Employment	758,689
Supplies	29,056
Other Services and Charges	2,945,056
Depreciation	1,913,227
Total Operating Expenses	<u>5,646,028</u>
OPERATING LOSS	<u>(748,129)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	107,636
Insurance Proceeds	170,574
Interest Expense	(257,673)
Assessor's Pension	(40,574)
Total Non-Operating Revenues (Expenses)	<u>(20,037)</u>
Loss before Contributions and Transfers	(768,166)
Capital Contributions	1,370,889
Transfers In	<u>1,148,946</u>
INCREASE IN NET ASSETS	1,751,669
NET ASSETS, BEGINNING	<u>59,640,458</u>
NET ASSETS, ENDING	<u>\$ 61,392,127</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 CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received From Providing Services	\$ 4,772,874	
Cash Paid to Suppliers	(4,154,504)	
Cash Paid to Employees	<u>(581,044)</u>	
Net Cash Provided by Operating Activities		\$ 37,326

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investment Securities	(52,116)	
Investment Interest Received	<u>112,164</u>	
Net Cash Provided By Investing Activities		60,048

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Transfers From General Fund	1,116,344	
Payments for Assessor's Pension	<u>(40,574)</u>	
Total Cash Provided By Non-Capital Financing Activities		1,075,770

CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES

Capital Grants Received	2,562,682	
Acquisition and Construction of Fixed Assets	(1,691,482)	
Principal Payments on Long-Term Debt	(308,155)	
Proceeds From Insurance Claim	170,574	
Principal Payments on Capital Lease Obligations	(132,210)	
Escrow Charges	(50)	
Interest Paid	<u>(233,054)</u>	
Net Cash Provided By Capital and Financing Activities		<u>368,305</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 CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 1,541,449
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (including \$1,300,328 in restricted cash)	<u>3,770,144</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (including \$1,983,673 in restricted cash)	<u>\$ 5,311,593</u>

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

Operating Loss	\$ (748,129)	
Adjustments to Reconcile Loss From Operations to Net Cash Provided By Operating Activities:		
Depreciation	1,913,227	
Changes in Assets and Liabilities:		
Accounts Receivable	43,725	
Prepaid Expenses	(81,045)	
Accounts Payable	(1,276,558)	
Accrued Expenses	10,568	
Deferred Revenue	168,750	
Accrued Compensated Absences	<u>6,788</u>	
Net Cash Provided By Operating Activities		<u>\$ 37,326</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, 2002**

(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 has elected to implement the general provisions of the Statement in the current year.

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, 2002**

(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, 2002**

(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, 2002**

(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, 2002**

(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, 2002**

(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 \$52,642 at December 31, 2002.

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 a 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, 2002

(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	\$1,584,704	\$ -	\$ -	\$1,584,704	\$1,584,704
Unrestricted	3,373,298	-	-	3,373,298	3,373,298
Certificates of Deposit					
Restricted	-	-	398,969	398,969	398,969
Unrestricted	-	-	2,018,492	2,018,492	2,018,492
	<u>\$4,958,002</u>	<u>\$ -</u>	<u>\$2,417,461</u>	<u>\$7,375,463</u>	<u>\$7,375,463</u>

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

	<u>2002</u>	<u>2001</u>
Petty Cash	\$ 278	\$ 228
Operating Account	3,074,716	2,221,549
Health Benefit Account	-	-
PFC Account	1,589,162	1,066,315
Security Deposit Account	20,415	20,019
GADF Account	374,096	214,004
Escrow Account	252,926	248,029
Cash per Statement of Cash Flows	<u>\$5,311,593</u>	<u>\$3,770,144</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 1.41 mills for 2002. 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
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002**

(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 \$1,590,868 at December 31, 2002. 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, 2002 consisted of the following:

	<u>2002</u>
Transportation Safety	
Administration-Security	\$ 29,592
AIP Project 23	209,426
AIP Project 24	183,430
Total Grant Funds Receivable	<u>\$ 422,448</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, 2002, consisted of the following:

	<u>Cash</u>	<u>Investments</u>	<u>Totals</u>
Grant Funds	\$ 374,096	\$ -	\$ 374,096
Security Deposits	20,415	-	20,415
PFC Accounts	1,190,193	398,969	1,589,162
Totals	<u>\$1,584,704</u>	<u>\$ 398,969</u>	<u>\$1,983,673</u>

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002**

(G) PROPERTY AND EQUIPMENT

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

	Beginning Balance 12/31/01	Additions	Deletions	Ending Balance 12/31/02
Hangars and Buildings	\$ 16,571,853	\$ -	\$ -	\$ 16,571,853
Runways and Navigation Aids	31,434,676	-	-	31,434,676
Service Roads and Parking	3,587,563	55,588	-	3,643,151
Other Permanent Improvements	10,666,491	58,611	-	10,725,102
Equipment	3,762,237	221,126	-	3,983,363
Furniture and Fixtures	1,419,273	-	-	1,419,273
	67,442,093	335,325	-	67,777,418
Less: Accumulated Depreciation and Amortization	(43,293,783)	(1,913,227)	-	(45,207,010)
Net Property and Equipment	<u>\$ 24,148,310</u>	<u>\$ (1,577,902)</u>	<u>\$ -</u>	<u>\$ 22,570,408</u>
Land	<u>\$ 5,521,116</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,521,116</u>
Construction Work in Progress	<u>\$ 27,647,339</u>	<u>\$ 1,378,657</u>	<u>\$ 22,500</u>	<u>\$ 29,003,496</u>

Property and equipment include equipment acquired under a capital lease of \$1,548,937 at December 31, 2002. The lease was paid off during the current year.

Depreciation expense for the year ended December 31, 2002 was \$1,913,227. 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, 2002, was \$561,674; the total Airport payroll was \$540,555.

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002**

(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, 2002 was \$98,889, which consisted of \$43,530 from the Airport and \$55,359 from its employees. For the year ended December 31, 2001, the total contribution was \$89,821, which consisted of \$40,285 from the Airport and \$49,536 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 \$1,236,050,334 and the total PERS net assets available for benefits were \$1,332,883,308 as of December 31, 2001.

The PERS also publishes an annual financial report. The latest report for the year ended December 31, 2001 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, 2002:

<u>Year Ending December 31</u>	
2003	\$ 1,146,793
2004	901,456
2005	883,956
2006	867,325
2007	384,961
Thereafter	129,972
Total Minimum Future Rentals	<u>\$ 4,314,463</u>

Certain rentals included above relate to tenants with scheduled annual CPI adjustments. Those annual adjustments could not be determined. Therefore, the 2002 rents were used for all years.

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002**

(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 are 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 will be through a reduction in the lease payments made by PHI on a monthly basis.

A summary of this debt is as follows:

	<u>Balance 12/31/01</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance 12/31/02</u>
Note Payable - PHI	<u>\$ 3,754,568</u>	<u>\$ -</u>	<u>\$ 308,155</u>	<u>\$3,446,413</u>

Maturities of long-term debt are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 308,016	\$ 232,124	\$ 540,140
2004	329,721	210,419	540,140
2005	354,253	185,887	540,140
2006	379,937	160,203	540,140
2007	407,482	132,658	540,140
Thereafter	1,667,004	217,596	1,884,600
Total	<u>\$ 3,446,413</u>	<u>\$ 1,138,887</u>	<u>\$ 4,585,300</u>

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, 2002

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>2002 ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUE				
Ad Valorem Tax	\$ 900,000	\$ 900,000	\$1,109,689	\$ 209,689
State Revenue Sharing	<u>-</u>	<u>-</u>	<u>39,257</u>	<u>39,257</u>
Total Revenue	<u>900,000</u>	<u>900,000</u>	<u>1,148,946</u>	<u>248,946</u>
OTHER FINANCING USES				
Transfer of O & M Funds to Proprietary Fund	<u>(900,000)</u>	<u>(900,000)</u>	<u>(1,148,946)</u>	<u>(248,946)</u>
Total Other Financing Uses	<u>(900,000)</u>	<u>(900,000)</u>	<u>(1,148,946)</u>	<u>(248,946)</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>	<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, 2002

	<u>Administrative</u>	<u>General Maintenance</u>
SALARIES AND COSTS OF EMPLOYMENT		
Salaries	\$ 347,860	\$ 240,153
Vacation Pay	4,738	2,276
Payroll Taxes	951	6,609
Group Insurance	52,412	60,386
Retirement Contributions	25,123	18,407
Accrued Compensation Time	202	(428)
Total Personal Services	<u>\$ 431,286</u>	<u>\$ 327,403</u>
SUPPLIES		
Office Supplies	<u>\$ 29,056</u>	<u>\$ -</u>
OTHER SERVICES AND CHARGES		
Ad Valorem Tax Campaign	\$ -	\$ -
Advertising	6,761	-
Dues and Publications	7,431	-
Environmental Expenses	125,236	-
Fuel and Oil	728	5,011
Fly Lafayette Campaign	53,696	-
Insurance	76,033	78,836
Miscellaneous	660	419
Terminal Building Equipment Contract	-	-
Professional Fees	190,939	-
Repairs and Maintenance	24,115	440,918
Telephone	26,551	7,519
Training	5,884	2,378
Travel	10,797	-
Public Relations	29,761	-
Uniforms	-	2,403
Utilities	72,698	131,716
Obstruction Clearing	-	55,000
Contracted Services -		
Janitorial	-	-
ARFF Services	-	-
Security	-	-
Parking Lot Management	-	-
ID Card System	3,759	-
Fuel Tank Maintenance Plan	-	20,677
Total Other Services and Charges	<u>\$ 635,049</u>	<u>\$ 744,877</u>

See Accountants' Report

<u>Contractual Services</u>	<u>Total</u>
\$ -	\$ 588,013
-	7,014
-	7,560
-	112,798
-	43,530
-	(226)
<u>\$ -</u>	<u>\$ 758,689</u>
<u>\$ -</u>	<u>\$ 29,056</u>
\$ -	\$ -
-	6,761
-	7,431
-	125,236
-	5,739
-	53,696
-	154,869
-	1,079
57,496	57,496
-	190,939
56,336	521,369
-	34,070
-	8,262
-	10,797
-	29,761
-	2,403
-	204,414
-	55,000
144,004	144,004
503,325	503,325
677,617	677,617
126,352	126,352
-	3,759
-	20,677
<u>\$ 1,565,130</u>	<u>\$ 2,945,056</u>

Sec 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, 2002**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>AGENCY NUMBER</u>	<u>GRANT NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. Department of Transportation Federal Aviation Administration Airport Improvement Projects	20.106	N/A	23	\$ 881,777
			24	306,046
			26	268,363
			27	<u>38,318</u>
				<u>\$1,494,504</u>

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

WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

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† RETIRED

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, 2002, and have issued our report thereon dated March 12, 2003. 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,
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March 12, 2003

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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, 2002. 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, 2002.

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.

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Certified Public Accountants

March 12, 2003

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, 2002

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, 2002, and have issued our report thereon dated March 12, 2003. 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, 2002 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, 2002, 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, 2002.

Major Program - Threshold

The dollar threshold to distinguish Type A and Type B programs is \$300,000 for the year ended December 31, 2002.

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, 2002.

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, 2002

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.

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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, 2002. 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, 2002.

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.

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 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,
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Certified Public Accountants

March 12, 2003

**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, 2002

	<u>Beginning Program Total</u>	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Ending Program Total</u>
<u>Revenue:</u>						
Collections	\$ 1,964,463	\$ 98,093	\$ 124,045	\$ 176,121	\$ 155,611	\$ 2,518,332
Interest	<u>186,538</u>	<u>10,295</u>	<u>4,414</u>	<u>9,129</u>	<u>6,124</u>	<u>216,500</u>
Total Revenue	2,151,001	108,388	128,458	185,250	161,735	2,734,832
<u>Disbursements:</u>						
Application 95-01-C-03-LFT (Closed)	<u>933,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>933,024</u>
Application 98-02-U-00-LFT (Closed)	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Application 01-03-C-00-LFT:						
Project 1-Taxiway "L" Widening	1,663	11	14,932	40,092	-	56,698
Project 2 - Administrative Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,935</u>	<u>307</u>	<u>4,242</u>
Total Application 01-03-C-00-LFT	<u>1,663</u>	<u>11</u>	<u>14,932</u>	<u>44,027</u>	<u>307</u>	<u>60,940</u>
Total Disbursements	<u>1,084,687</u>	<u>11</u>	<u>14,932</u>	<u>44,027</u>	<u>307</u>	<u>1,143,964</u>
Net PFC Revenue	<u>-</u>	<u>108,377</u>	<u>113,526</u>	<u>141,223</u>	<u>161,428</u>	<u>-</u>
PFC Account Balance	<u>\$ 1,066,314</u>	<u>\$ 1,174,691</u>	<u>\$ 1,288,217</u>	<u>\$ 1,429,440</u>	<u>\$ 1,590,868</u>	<u>\$ 1,590,868</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, 2002**

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