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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, 2007

LAFAYETTE REGIONAL AIRPORT

CONTENTS

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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 business-type activities and the major fund of the Lafayette Regional Airport, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of and for the year ended December 31, 2007, 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's management. Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 opinions.

In our opinion, the financial statements referred above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of the Lafayette Regional Airport, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of December 31, 2007, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2008, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 4 through 12 is not a required part of the basic financial statements but is 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Lafayette Regional Airport's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required party of the basic financial statements of the Lafayette Regional Airport. The remaining supplementary information as listed in the table of contents is presented for purposes of additional analysis and is also 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.

Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC

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

June 16, 2008

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, 2007.

AIRPORT ACTIVITIES & HIGHLIGHTS

- In 2007, the Lafayette Regional Airport's enplanements were 221,722, an increase of 10,602, versus enplanements of 211,120 in 2006 with a daily average of 1,781 visitors. Lafayette Regional Airport continued its growth record with each year being the busiest year on record. Cargo operations leveled off during the current year.

- The Airport continues to work with current carriers to bring jet service to the Airport.

- Louisiana Honor Air initiated its Honor Air Flights from Lafayette to Washington D.C. during 2007 with five flights transporting over 500 World War II veterans to view the World War II Memorial.

- During the current year, fixed based operator, Million Air, added a flight school to the list of services provided to the public, with four airplanes available and enrollment of over thirty students. Million Air also provides airframe and power plant mechanic services.

- Construction of the new private investment corporate hangars was completed in 2007 by private investment groups.

- Projects that were completed in 2007 included the purchase of a new state of the art Striker 3000 Aircraft Rescue and Firefighting vehicle, completion of a new $3.3 million Aircraft Rescue and Firefighting facility, improvements to the exterior of the terminal building, and a new Flight Information Display System. An economy parking lot was added for long term parking. Several of these projects were funded through federal grants and passenger facility charges collected by the Airport.

- Several projects were in progress at the end of 2007 including: the final phase of the Taxiway Bravo straightening and widening project, the preliminary design and environmental study for Runway 4R/22L, and an Airfield Electrical and Signage Upgrade. These projects are designed to improve the overall safety and the capacity of the airport.

- An initial outlay of funding for the construction of a Cargo Facility with a 60,000 square foot apron was made.

- The Louisiana Legislative Auditor's Office applied its *"Checklist for Best Practices in Government"* in providing advisory services to the Airport's business office during the first quarter of 2007. As a result of these services, recommendations were made to improve the operations of the Airport and strengthen the procedures already in place. The Airport has implemented all of the suggestions made.

FINANCIAL HIGHLIGHTS

- Operating Revenues grew by 12% from $6.8 million to $7.6 million due to overall growth. Greatest areas of growth were fuel flowage fees increased 57.4% over the prior year operations and parking revenues increased 23.7%.

- Operating Expenses increased by 6% from $8.3 million to $8.9 million primarily due to increase in administrative fees, insurance, contractual services, and professional fees.

- Non-Operating Income (Expenses), excluding capital grants reported as income, changed from a net income of $2,114,680 in 2006 to a net income of $2,171,292 in 2007. This category reports the increase in ad valorem taxes collected in the current year as well as a decrease in insurance proceeds and the recordation of a bad debt from a long time tenant.

- Net assets of our business-type activity increased by approximately $2,448,072, or 3.2 percent.

- Additional funding for Airport operations is received through ad valorem tax revenue. In 2007 the Airport received approximately $2 million in revenues, compared to $1.8 in 2006. This increase is due to higher assessed property values as compared with the prior year.

- Capital grants and contributions received in 2007 were $1,539,016 compared to $4,296,158 in 2006. These grants are directly related to the various Airport Improvement Program grants which are funded at the federal and state level and fluctuate from year to year dependent upon the funding and schedules of the Airport's capital projects.

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. The Proprietary Fund financial statements also report the Airport's operations in more detail than the government wide statements.

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 using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, we report the Airport by activity. The Airport's only operation is that of Airport Services which represents the fees charged to customers to help cover most of the cost of the services provided. The property tax revenue is also reported in this fund since it is dedicated to the operations and maintenance of the Airport.

Reporting the Airport's Significant Funds

At the recommendation of the Louisiana Legislative Auditor's Office, the Airport dissolved the General Fund at the beginning of the current fiscal year. The revenues and expenditures that were previously reported within the General Fund are now included in the Proprietary Fund financial statements. Following is a description of the Proprietary Fund:

- Proprietary Fund - When the Airport charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The Airport's proprietary fund is the same as the business type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

THE AIRPORT AS A WHOLE

The Airport's net assets increased in the current year, from $75.33 million to $77.78 million. This increase is due to the business-type activities, which accounts for the operations of the Airport. The increase is due to the growth in the invested in capital assets net of related debt category of $1,701,083 as well as the increase in unrestricted net assets of $1,561,405. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Airport's business-type activities.

CAPITAL ASSET AND LONG-TERM DEBT

Capital Assets

At the end of December 31, 2007, the Airport had $65.2 million invested in capital assets, net of related debt, including all equipment, land and buildings. This represents a net increase of $1.7 million, or 2.6 percent, over last year.

During 2007, the airport expended $5.325 million on capital activities. This included $4.4 million toward capital projects: taxiway bravo straightening and widening Phase II and III, aircraft rescue and firefighting facility, public address system upgrade and continued progress on the airfield electrical restoration. Other acquisitions and improvements for 2007 included the following: terminal and restaurant upgrades, replacement of street lights, office equipment, an operations vehicle and new accounting software.

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

At the end of 2007, the Airport had $2.0 million in taxable and nontaxable bonds outstanding. Scheduled bond payments for the year consisted of principal payments of $512,500 and interest payments of $136,354.

Table 1
NET ASSETS

	Business-type Activities		Total Primary Government	
	2007	2006	2007	2006
Revenues				
Program revenues:				
Charges for services	$ 7,399,332	$ 6,607,847	$ 7,399,332	$ 6,607,847
Operating grants	239,206	211,164	239,206	211,164
Capital grants and Contributions	1,539,016	4,296,158	1,539,016	4,296,158
General revenues:				
Property taxes	2,013,046	1,830,244	2,013,046	1,830,244
State revenue sharing	43,053	42,048	43,053	42,048
Investment earnings	426,100	376,948	426,100	376,948
Gain on sale of assets	12,518	-	12,518	-
Other general revenues	645	137,985	645	137,985
Total revenues	11,672,916	13,502,394	11,672,916	13,502,394
Program expenses				
Administration	1,256,550	1,040,425	1,256,550	1,040,425
Telephones & Utilities	336,463	361,659	336,463	361,659
Supplies & Materials	61,244	35,689	61,244	35,689
Repairs & Maintenance	855,071	847,937	855,071	847,937
Security	756,528	747,998	756,528	747,998
ARFF	596,833	575,000	596,833	575,000
Professional Fees	457,189	390,962	457,189	390,962
Insurance	375,222	321,105	375,222	321,105
Contractual Services	617,470	548,928	617,470	548,928
Depreciation	3,588,204	3,527,431	3,588,204	3,527,431
Interest Expense	178,653	206,230	178,653	206,230
Bad Debt Expense	74,832	-	74,832	-
Assessor's Pension	70,585	66,315	70,585	66,315
Total expenses	9,224,844	8,669,679	9,224,844	8,669,679
Increase in Net Assets	$ 2,448,072	$ 4,832,715	$ 2,448,072	$ 4,832,715

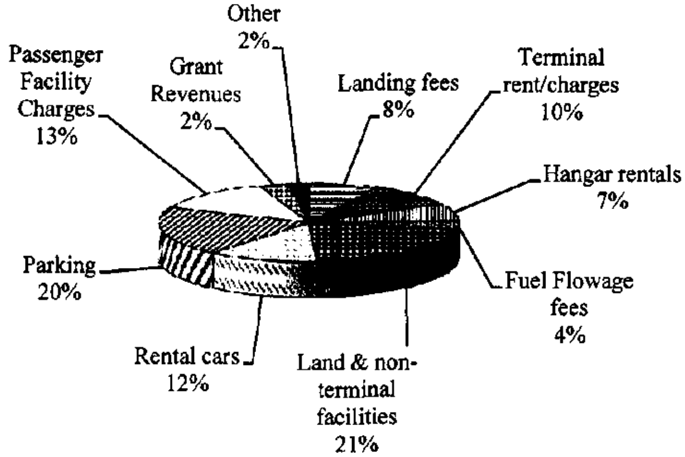
Table 2
CHANGES IN NET ASSETS

	Business-type Activities		Total Primary Government	
	2007	2006	2007	2006
ASSETS:				
Current assets	$ 12,501,222	$ 9,309,034	$ 12,501,222	$ 9,309,034
Capital assets	67,133,587	65,396,893	67,133,587	65,396,893
Non-current assets	1,656,700	3,328,557	1,656,700	3,328,557
TOTAL ASSETS	$ 81,291,509	$ 78,034,484	$ 81,291,509	$ 78,034,484
LIABILITIES:				
Long-Term Debt Outstanding	$ 1,455,000	$ 1,990,000	$ 1,455,000	$ 1,990,000
Other Liabilities	2,055,920	711,967	2,055,920	711,967
Total Liabilities	3,510,920	2,701,967	3,510,920	2,701,967
NET ASSETS:				
Invested in capital assets, net of debt	65,228,643	63,527,560	65,228,643	63,527,560
Restricted	1,189,456	2,003,872	1,189,456	2,003,872
Unrestricted	11,362,490	9,801,085	11,362,490	9,801,085
Total Net Assets	77,780,589	75,332,517	77,780,589	75,332,517
TOTAL LIABILITIES AND NET ASSETS	$ 81,291,509	$ 78,034,484	$ 81,291,509	$ 78,034,484

Table 3
REVENUES

The following chart shows the major sources and percentage of operating revenues of the proprietary fund for the year ended December 31, 2007 and December 31, 2006:

Operating Revenues

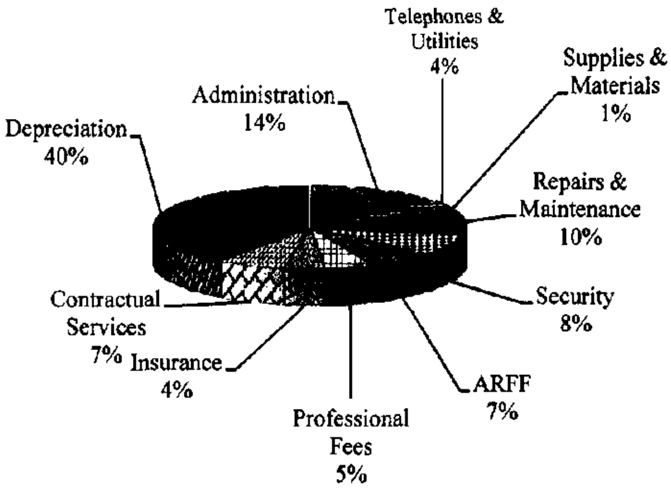


Operating Revenues:	2007	2006	Increase (Decrease) from 2006	Percent Increase (Decrease)
Landing fees	$ 574,831	$ 513,271	$ 61,560	12.0%
Terminal rent/charges	754,350	708,250	46,100	6.5%
Hangar rentals	557,316	517,774	39,542	7.6%
Fuel Flowage fees	273,444	173,723	99,721	57.4%
Land & non-terminal facilities	1,598,587	1,555,371	43,216	2.8%
Rental cars	898,726	897,101	1,625	0.2%
Parking	1,547,993	1,251,414	296,579	23.7%
Passenger Facility Charges	1,019,373	902,724	116,649	12.9%
Grant Revenues	239,206	211,164	28,042	13.3%
Other	174,712	88,219	86,493	98.0%
Total Operating Revenues	7,638,538	6,819,011	819,527	
Non-Operating Revenues:				
Interest Income	426,100	376,948	49,152	13.0%
Insurance Proceeds	645	137,985	(137,340)	-99.5%
Proceeds from Sale of Assets	12,518	-	12,518	100.0%
Operation & Maintenance Tax	2,056,099	1,872,292	183,807	9.8%
Capital Grants and Contributions	1,539,016	4,296,158	(2,757,142)	-64.2%
Total Non-Operating Revenues	4,034,378	6,683,383	(2,649,005)	
TOTAL REVENUES	$ 11,672,916	$ 13,502,394	$ (1,829,478)	

Table 4
EXPENSES

The following chart shows the major sources and percentage of operating expenses of the proprietary fund for the year ended December 31, 2007 and December 31, 2006:

Operating Expenses



Operating Expenses:	2007	2006	Increase (Decrease) from 2006	Percent Increase (Decrease)
Administration	$ 1,256,550	$ 1,040,425	$ 216,125	20.8%
Telephones & Utilities	336,463	361,659	(25,196)	-7.0%
Supplies & Materials	61,244	35,689	25,555	71.6%
Repairs & Maintenance	855,071	847,937	7,134	0.8%
Security	756,528	747,998	8,530	1.1%
Arff	596,833	575,000	21,833	3.8%
Professional Fees	457,189	390,962	66,227	16.9%
Insurance	375,222	321,105	54,117	16.9%
Contractual Services	617,470	548,928	68,542	12.5%
Depreciation	3,588,204	3,527,431	60,773	1.7%
Total Operating Expenses	8,900,774	8,397,134	503,640	
Non-Operating Expenses:				
Interest expense	178,653	206,230	(27,577)	-13.4%
Bad debt expense	74,832	-	74,832	100.0%
Assessor's pension	70,585	66,315	4,270	6.4%
Total Non-Operating Expenses	324,070	272,545	51,525	
TOTAL EXPENSES	$ 9,224,844	$ 8,669,679	$ 555,165	

ECONOMIC FACTORS

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

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

REQUEST FOR INFORMATION

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

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

STATEMENT OF NET ASSETS
DECEMBER 31, 2007

	BUSINESS-TYPE ACTIVITIES
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 8,498,374
Investment in Certificates of Deposit	740,762
Accounts Receivable, net	372,211
Other Receivables	4,630
Ad Valorem Tax Receivable	757,860
Due From Lafayette Parish Sheriff's Office	950,419
Grant Funds Receivable	936,874
Prepaids	240,092
Total Current Assets	12,501,222
Noncurrent Assets:	
Restricted Assets	1,610,276
Unamortized Debt Expense	46,424
Property and Equipment (Net)	51,931,939
Land	5,521,116
Construction Work in Progress	9,680,532
Total Noncurrent Assets	68,790,287
TOTAL ASSETS	$81,291,509

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, 2007

	BUSINESS-TYPE ACTIVITIES
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current Liabilities	
Accounts Payable	$ 1,359,127
Accrued Expenses	72,065
Deferred Tax Revenue	30,133
Security Deposits	2,500
Current Portion-Long Term Debt	542,500
Total Current Liabilities	2,006,325
Noncurrent Liabilities	
Bonds Payable, Less Current Maturities	1,455,000
Accrued Compensated Absences	49,595
Total Noncurrent Liabilities	1,504,595
TOTAL LIABILITIES	3,510,920
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	65,228,643
Restricted for:	
PFC Projects	1,189,456
Unrestricted	11,362,490
TOTAL NET ASSETS	77,780,589
TOTAL LIABILITIES AND NET ASSETS	$81,291,509

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, 2007

		Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Business-type Activities	Total
Business-type Activities						
Airport Services	9,224,844	7,399,332	239,206	1,539,016	(47,290)	(47,290)
Total Business-Type Activities	9,224,844	7,399,332	239,206	1,539,016	(47,290)	(47,290)
Total Primary Government	$ 9,224,844	$ 7,399,332	$ 239,206	$ 1,539,016	(47,290)	(47,290)
General Revenues:						
Property Taxes					2,013,046	2,013,046
State Revenue Sharing					43,053	43,053
Investment Earnings					426,100	426,100
Gain on Sale of Assets					12,518	12,518
Other General Revenues					645	645
Total general revenues					2,495,362	2,495,362
Change in Net Assets					2,448,072	2,448,072
Net Assets-Beginning					75,332,517	75,332,517
Net Assets-Ending					$ 77,780,589	$ 77,780,589

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

STATEMENT OF NET ASSETS
PROPRIETARY FUND
DECEMBER 31, 2007

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	$ 8,498,374
Investments in Certificates of Deposit	740,762
Accounts Receivable, Net of Allowance of $60,581	372,211
Interest Receivable	4,630
Ad Valorem Tax Receivable	757,860
Due From Sheriff	950,419
Grant Funds Receivable	936,874
Prepaids	240,092
Total Current Assets	12,501,222
RESTRICTED ASSETS	
Cash	
Grant Funds	397,015
PFC Funds	1,189,456
Security Deposits	23,805
Total Restricted Assets	1,610,276
PROPERTY AND EQUIPMENT	
Property and Equipment	111,082,210
Land	5,521,116
Construction in Progress	9,680,532
Total	126,283,858
Less: Accumulated Depreciation	(59,150,271)
Net Property and Equipment	67,133,587
OTHER ASSETS	
Unamortized Debt Expense	46,424
TOTAL ASSETS	$81,291,509

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, 2007

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts Payable	$ 1,359,127
Accrued Expenses	72,065
Deferred Tax Revenue	30,133
Current Portion of Long-Term Debt	542,500
Total Current Liabilities	2,003,825
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	
Security Deposits	2,500
Total Current Liabilities Payable From Restricted Assets	2,500
NON-CURRENT LIABILITIES	
Bonds Payable, Less Current Maturities	1,455,000
Accrued Compensated Absences	49,595
Total Non-Current Liabilities	1,504,595
TOTAL LIABILITIES	3,510,920
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	65,228,643
Restricted for:	
PFC Projects	1,189,456
Unrestricted	11,362,490
TOTAL NET ASSETS	77,780,589
TOTAL LIABILITIES AND NET ASSETS	$81,291,509

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, 2007

OPERATING REVENUES	
Rentals	$ 3,808,979
Commissions	273,444
Landing Fees	574,831
Parking Tolls	1,547,993
Passenger Facility Charges	1,019,373
Grant Revenues	239,206
Miscellaneous	174,712
Total Operating Revenues	7,638,538
OPERATING EXPENSES	
Salaries and Costs of Employment	1,016,134
Supplies	61,244
Other Services and Charges	4,235,192
Depreciation	3,588,204
Total Operating Expenses	8,900,774
OPERATING LOSS	(1,262,236)
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	426,100
Insurance Proceeds	645
Ad Valorem Tax Revenue	2,013,046
State Revenue Sharing	43,053
Interest Expense	(178,653)
Bad Debt Expense	(74,832)
Gain on Disposal of Fixed Assets	12,518
Assessor's Pension	(70,585)
Total Non-Operating Revenues (Expenses)	2,171,292
Loss before Contributions and Transfers	909,056
Capital Contributions	1,539,016
INCREASE IN NET ASSETS	2,448,072
NET ASSETS, BEGINNING	75,332,517
NET ASSETS, ENDING	$ 77,780,589

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, 2007

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From Providing Services	$ 7,397,749	
Cash Paid to Suppliers	(4,198,566)	
Cash Paid to Employees	(1,028,850)	
Net Cash Provided by Operating Activities		$ 2,170,333
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	446,300	
Purchase of Investments	(27,792)	
Investment Interest Received	425,254	
Net Cash Provided By Investing Activities		843,762
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Ad Valorem Tax Revenue	1,661,917	
Payments for Assessor's Pension	(70,585)	
Net Cash Provided By Non-Capital Financing Activities		1,591,332
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES		
Capital Grants Received	2,258,512	
Acquisition and Construction of Fixed Assets	(5,324,898)	
Proceeds From Sale of Fixed Assets	12,518	
Principal Payments on Long-Term Debt	(512,500)	
Proceeds From Insurance Claim	645	
Interest Paid	(170,803)	
Net Cash Used In Capital and Financing Activities		(3,736,526)
NET INCREASE IN CASH AND CASH EQUIVALENTS		868,901
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (including $2,827,983 in restricted cash)		9,239,749
CASH AND CASH EQUIVALENTS AT END OF YEAR (including $1,610,276 in restricted cash)		$ 10,108,650

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 - continued
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

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

Operating Loss	$(1,262,236)	
Adjustments to Reconcile Loss From Operations to Net Cash Provided By Operating Activities:		
Depreciation	3,588,204	
Changes in Assets and Liabilities:		
Accounts Receivable	(174,098)	
Prepaid Expenses	11,107	
Accounts Payable	86,763	
Accrued Expenses	6,971	
Deferred Revenue	(53,216)	
Security Deposits	(13,475)	
Accrued Compensated Absences	(19,687)	
Net Cash Provided By Operating Activities		$ 2,170,333

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, 2007

(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.

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 fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Airport's operations are classified as a business-type activity.

In the government-wide Statement of Net Assets, the business-type activities column (a) is presented on a consolidated basis by column, (b) and is 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.

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basic Financial Statements - Fund Financial Statements - The financial transactions of the Airport are reported 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 type is used by the Airport:

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 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.

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.

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. 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.

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Accounting – Government-Wide Financial Statements - continued

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 the proprietary fund. The proprietary fund is the major fund of the Airport.

Revenues - 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.

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

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:

	Years
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

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property and Equipment - continued

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.

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 $49,595 at December 31, 2007.

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

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

Investments -Under State law, the Airport may invest in United States bonds, treasury notes or certificates, time certificates of deposit of State banks having their principal office in the State of Louisiana, or any other *federally insured investment*. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments meeting the criteria specified in the Statement are stated at fair value. Investments that do not meet the requirements are stated at cost.

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Custodial Credit Risk - Deposits and Investments – The Airport is exposed to custodial credit risk as it relates to their deposits and investments with financial institutions. The Airport's policy to ensure there is no exposure to this risk is to require each financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. These securities must be held in the Airport's name. Accordingly, the Airport had no custodial credit risk related to its deposits at December 31, 2007.

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.

Post-Employment Benefits – As a component unit of the Consolidated Government of Lafayette, Louisiana, the Airport was required to implement GASB Statement No. 43 – Financial Reporting for Postemployment Benefit Plans Other Than Pensions for the year beginning January 1, 2006. The Airport does not offer any of these types of benefits to employees and therefore has no liability in relation to the implementation of the new statement.

(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 and investments as of the Balance Sheet date are entirely insured or collateralized by securities held by the government's agent in the government's name.

Investments consist of Certificates of Deposit with maturity dates of greater than one year.

Interest Rate Risk – As a means of limiting its exposure to fair-value losses arising from rising interest rates, the Airport's investment policy limits the investment portfolio to maturities of less than one year.

Credit Risk/Concentration of Credit Risk – Because all investments of the Airport are time certificates of deposit, there is no credit risk or concentration of credit risk.

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

	2007	2006
Petty Cash	$ 400	$ 1,223
Operating Account	8,451,842	6,270,450
PFC Account	1,189,456	1,884,595
Security Deposit Account	23,805	22,705
Reserve for Future Projects	46,132	140,093
Grant Account	397,015	920,683
Cash per Statement of Cash Flows	$ 10,108,650	$ 9,239,749

(C) AD VALOREM TAXES

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

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

That portion of the ad valorem taxes dedicated to operations and maintenance of the Airport was assessed to property owners in Lafayette Parish at 1.71 mills for 2007. On November 17, 2001, voters of Lafayette Parish approved renewal of the ad valorem tax through expiration of the tax in 2012.

(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 application has subsequently had several amendments, which increased the maximum net cumulative revenues to $2,973,702 and extended the charge expiration date to January 1, 2005. The use of this revenue is restricted by the FAA for specific approved projects in the amount of $2,973,702. The projects funded with this application were completed in 2006.

During the 2004 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. Approval of this application occurred in February 2005. The FAA approved the collection and use of PFC revenues for specific projects commencing May 1, 2005. Under the terms of the agreement with the FAA, the Airport is allowed to charge a $4.50 PFC per passenger, to generate maximum net cumulative revenues of $1,967,250. The FAA estimates that the charge expiration date will be April 1, 2008. The use of this revenue is restricted by the FAA for specific approved projects in the amount of $1,967,250.

During the 2006 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. Approval of this application occurred in May 2006. The FAA approved the collection and use of PFC revenues for specific projects commencing February 1, 2007. Under the terms of the agreement with the FAA, the Airport is allowed to charge a $4.50 PFC per passenger, to generate maximum net cumulative revenues of $795,000. The FAA estimates that the charge expiration date will be May 1, 2008. The use of this revenue is restricted by the FAA for specific approved projects in the amount of $795,000.

(D) PASSENGER FACILITY CHARGE - continued

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 $1,189,456 at December 31, 2007. 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, 2007 consisted of the following:

Transportation Safety Administration-Security	$ 57,930
Small Community Air Service Grant	83,841
AIP Project 30	276,087
AIP Project 31	159,617
AIP Project 32	359,284
AIP Project 33	115
Total Grant Funds Receivable	$ 936,874

(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, 2007, consisted of the following:

	Cash	Investments	Totals
Grant Funds	$ 397,015	$ -	$ 397,015
Security Deposits	23,805	-	23,805
PFC Accounts	1,189,456	-	1,189,456
Totals	$ 1,610,276	$ -	$ 1,610,276

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

(G) PROPERTY AND EQUIPMENT

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

	Beginning Balance 12/31/06	Additions	Deletions	Ending Balance 12/31/07
Hangars and Buildings	$ 41,636,023	$ 795,167	$ -	$ 42,431,190
Runways and Navigation Aids	43,628,059	587,837	-	44,215,896
Service Roads and Parking	5,515,207	59,706	-	5,574,913
Other Permanent Improvements	12,274,635	88,782	-	12,363,417
Equipment	4,225,806	854,776	(32,788)	5,047,794
Furniture and Fixtures	1,449,000	-	-	1,449,000
	108,728,730	2,386,268	(32,788)	111,082,210
Less: Accumulated Depreciation and Amortization	(55,594,855)	(3,588,204)	32,788	(59,150,271)
Net Property and Equipment	$ 53,133,875	$ (1,201,936)	$ -	$ 51,931,939
Land	$ 5,521,116	$ -	$ -	$ 5,521,116
Construction Work in Progress	$ 6,741,902	$ 4,404,073	$ 1,465,443	$ 9,680,532

Depreciation expense for the year ended December 31, 2007 was $3,588,204. 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, 2007, was $771,900.

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.

(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 12.75 percent to the plan. The total contribution for the year ended December 31, 2007 was $175,607, which consisted of $102,277 from the Airport and $73,330 from its employees. For the year ended December 31, 2006 the total contribution was $160,048, which consisted of $91,713 from the Airport and $68,335 from its employees. For the year ended December 31, 2005 the total contribution was $151,777, which consisted of $86,974 from the Airport and $64,803 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 $1,765,788,689 and the total PERS net assets available for benefits were $1,718,754,962 as of December 31, 2006.

The PERS also publishes an annual financial report. The latest report for the year ended December 31, 2005 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, 2007:

Year Ending December 31	
2008	$ 2,005,669
2009	2,012,996
2010	1,966,825
2011	1,897,278
2012	1,810,362
Thereafter	15,276,890
Total Minimum Future Rentals	$ 24,970,020

Certain rentals included above relate to tenants with scheduled annual CPI adjustments. Those annual adjustments could not be determined. Therefore, the 2007 rents were used for all years.

(J) LONG-TERM DEBT

In November 2003, the Airport issued Louisiana Public Facilities Authority Equipment and Capital Facilities Pooled Loan Program Revenue Bonds, Series 2003C, dated November 11, 2003, due December 1, 2003 through July 1, 2011. The bonds are payable in monthly installments with fixed principal payments ranging from $28,750 to $40,417, bearing interest at a rate determined by the Remarketing Agent on a weekly basis, currently 6.35 percent per annum, secured by future revenues.

In December 2003, the Airport issued Louisiana Public Facilities Authority Equipment and Capital Facilities Pooled Loan Program Revenue Bonds, Series 2003B, dated December 18, 2003, due January 1, 2004 through July 1, 2011. The bonds are payable in monthly installments with fixed principal payments ranging from $6,250 to $9,167, bearing interest at a rate determined by the Remarketing Agent on a weekly basis, currently 4.60 percent per annum, secured by future revenues.

A summary of this debt is as follows:

	Balance 12/31/2006	Additions	Repayments	Balance 12/31/2007	Due Within One Year
Bond Payable - Series 2003C	$ 2,042,500	$ -	$ 415,000	$ 1,627,500	$ 440,000
Bond Payable - Series 2003B	467,500	-	97,500	370,000	102,500
	$ 2,510,000	$ -	$ 512,500	$ 1,997,500	$ 542,500

Maturities of long-term debt are as follows:

Year Ending December 31	Principal	Interest	Total
2008	$ 542,500	$ 105,639	$ 648,139
2009	565,000	72,437	637,437
2010	585,000	37,927	622,927
2011	305,000	5,517	310,517
Total	$ 1,997,500	$ 221,520	$ 2,219,020

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

(K) LITIGATION

On January 20, 2008, the Airport filed a Petition for Lease Payments against a former tenant to recover unpaid rent, insurance premiums, utilities and fees. In response, the tenant filed a Reconventional Demand against the Airport demanding a refund of the fuel-flowage fees paid from 1988 through 2008. The Airport is contesting the Reconventional Demand vigorously.

The Airport's legal counsel is in the early stages of reviewing this demand, and cannot provide an estimate of the likelihood of an unfavorable outcome to the Airport.

(L) RISK MANAGEMENT

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

(M) COMMITTMENTS

On a continuing basis, the Airport enters into construction contracts for improvements to the Airport. At December 31, 2007, there are several ongoing projects for which contracts have been entered and work is in progress. The majority of the costs of these projects are being funded by Airport Improvement Program Grants through the Federal Aviation Administration and the State of Louisiana, Department of Transportation.

SUPPLEMENTARY INFORMATION

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

SCHEDULE OF EXPENSES - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Administrative	General Maintenance	Contractual Services	Total
SALARIES AND COSTS OF EMPLOYMENT				
Salaries	$ 499,345	$ 293,531	$ -	$ 792,876
Vacation Pay	(20,318)	2,861	-	(17,457)
Payroll Taxes	6,587	3,872	-	10,459
Group Insurance	62,234	67,974	-	130,208
Retirement Contributions	64,739	37,538	-	102,277
Accrued Compensation Time	(726)	(1,503)	-	(2,229)
Total Personal Services	$ 611,861	$ 404,273	$ -	$ 1,016,134
SUPPLIES				
Supplies and Minor Equipment	$ 48,409	$ 12,835	$ -	$ 61,244
OTHER SERVICES AND CHARGES				
Advertising	$ 8,564	$ -	$ -	$ 8,564
Dues and Publications	18,929	-	-	18,929
Environmental Expenses	142,787	-	-	142,787
Fuel and Oil	502	19,654	-	20,156
Fly Lafayette Campaign	195,704	-	-	195,704
Insurance	195,724	179,498	-	375,222
Miscellaneous	4,318	87	-	4,405
Terminal Building Equipment Contract	-	-	91,170	91,170
Professional Fees	457,189	-	-	457,189
Repairs and Maintenance	27,050	377,646	44,778	449,474
Small Community Air Service Grant Expenditures	218,190	-	-	218,190
Telephone	30,244	10,950	-	41,194
Training	1,985	-	-	1,985
Travel	10,214	-	-	10,214
Public Relations	10,117	-	-	10,117
Uniforms	-	2,614	-	2,614
Utilities	140,583	154,686	-	295,269
Obstruction Clearing	-	31,000	-	31,000
Storm Water	-	6,893	-	6,893
Contracted Services -				
Janitorial	-	-	187,868	187,868
ARFF Services	-	-	596,833	596,833
Security	-	-	756,528	756,528
Parking Lot Management	-	-	293,654	293,654
ID Card System	6,329	-	-	6,329
Fuel Tank Maintenance Plan	-	12,904	-	12,904
Total Other Services and Charges	$ 1,468,429	$ 795,932	$ 1,970,831	$ 4,235,192

See Accountants' Report.

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

FEDERAL GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	AGENCY NUMBER	GRANT NUMBER	FEDERAL EXPENDITURES
U.S. Department of Transportation				
Federal Aviation Administration				
Airport Improvement Projects	20.106	N/A	30	$ 333,635
			31	807,988
			32	341,319
			33	109
Small Community Air Service Development Program	20.930	N/A	2004-8-30	73,875
				$1,556,926

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

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 the business-type activities and the major fund of the Lafayette Regional Airport, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of and for the year ended December 31, 2007, which collectively comprise the Airport's basic financial statements and have issued our report thereon dated June 16, 2008. 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, and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lafayette Regional Airport's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lafayette Regional Airport's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Airport's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Airport's financial statements that is more than inconsequential will not be prevented or detected by the Airport's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 2007-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatements of the financial statements will not be prevented or detected by the Lafayette Regional Airport's internal controls.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiencies described above to be material weaknesses.

Compliance and Other Matters

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 grant agreements, 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*.

This report is intended for the information and use of management and the Board of Commissioners of Lafayette Regional Airport, the Legislative Auditor of the State of Louisiana and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC

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

June 16, 2008

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INDEPENDENT AUDITORS' 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

Compliance

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, 2007. Lafayette Regional Airport's major federal program is identified in the summary of auditors' results section of 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; OMB 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, 2007.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Lafayette Regional Airport's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Airport's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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 and is not intended to be and should not be used by anyone other than those specified parties. Although the intended use of this report may be limited, reports issued in connection with an OMB Circular A-133 audit are a matter of public record.

Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC

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

June 16, 2008

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, 2007

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, 2007, and have issued our report thereon dated June 16, 2008. 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, 2007 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

Control Deficiencies	X Yes	__ No
Material Weakness	X Yes	__ No

Compliance

Compliance Material to Financial Statements	__ Yes	x No

B. FEDERAL AWARDS

Major Program Identification

The Lafayette Regional Airport at December 31, 2007, 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, 2007.

Major Program - Threshold

The dollar threshold to distinguish Type A and Type B programs is $300,000 for the year ended December 31, 2007.

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, 2007.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2007

Control Deficiencies - Major Program

There were no control deficiencies 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

2007-1 Material Audit Adjustments

Finding:
During the course of the current year audit, the auditor was required to make a significant number of adjusting journal entries, the majority of which relating to accounts receivable and revenue, which had a material effect on the financial statements.

Recommendation:
The Airport should implement procedures to reconcile material balance sheet accounts to supporting documents on a monthly basis to insure accuracy of the financial statements prepared. The auditor suggests the use of month end folders to compile these reconciliations to maintain the files in order to facilitate the year end 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.

CORRECTIVE ACTION PLAN

DECEMBER 31, 2007

Louisiana Legislative Auditor

The Lafayette Regional Airport respectfully submits the following corrective action plan for the year ended December 31, 2007.

The finding from the December 31, 2007 Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

<u>Finding No. 2007-1</u>

Recommendation: The Airport should implement procedures to reconcile material balance sheet accounts to supporting documents on a monthly basis to insure accuracy of the financial statements prepared. The auditor suggests the use of month end folders to compile these reconciliations to maintain the files in order to facilitate the year end audit.

Action Taken: During the year under audit, the Airport had a change in the finance director position and several standard reconciliations were not performed during her tenure. Subsequent to year end, this position changed hands and the reconciliations have been reinstated and are currently being performed.

If the Louisiana Legislative Auditor has questions regarding this plan, please call Mr. Greg Roberts, Director of Aviation at (337) 266-4400.

Sincerely yours,

Gregory M. Roberts

Gregory M. Roberts, AAE
Director of Aviation
Lafayette Regional Airport

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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, 2007. 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, 2007.

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 an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with the passenger facility charge program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Airport's ability to administer the passenger facility charge program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of the passenger facility charge program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of the passenger facility charge program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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. However, this report is a matter of public record and its distribution is not limited.

Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC

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

June 16, 2008

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, 2007

	Beginning Program Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Ending Program Total
Revenue:						
Collections	$ 5,130,158	$ 210,825	$ 239,015	$ 228,227	$ 238,514	$ 6,046,739
Interest	363,859	23,797	25,396	31,670	21,928	466,650
Total Revenue	5,494,017	234,622	264,411	259,897	260,442	6,513,389
Disbursements:						
Application 95-01-C-03-LFT (Closed)	933,024	-	-	-	-	933,024
Application 98-02-U-00-LFT (Closed)	150,000	-	-	-	-	150,000
Application 01-03-C-00-LFT (Closed)	2,273,692	-	-	-	-	2,273,692
Application 05-04-C-00-LFT:						
Project 1 - Administrative Costs	10,157	1,875	522	-	922	13,476
Project 2 - Rehabilitate Airfield Lighting Control System	37,707	-	-	140,177	817,116	995,000
Project 3 - Rehabilitate Taxiway Lighting	43,465	-	-	187,988	123,076	354,529
Project 4 - Replace Airfield Signage	46,170	-	-	171,195	112,081	329,446
Project 5 - Upgrade Airfield Electrical System	112,408	47,529	69,001	488,494	(447,775)	269,657
Total Application 05-04-C-00-LFT	249,907	49,404	69,523	987,854	605,420	1,962,108
Application 06-05-C-00-LFT:						
Project 1-Airport Rescue and Fire Fighting Vehicle	-	-	-	-	-	-
Project 2 - Administrative Costs	2,798	1,601	225	485	-	5,109
Total Application 06-05-C-00-LFT	2,798	1,601	225	485	-	5,109
Total Disbursements	3,609,421	51,005	69,748	988,339	605,420	5,323,933
Net PFC Revenue	-	183,617	194,663	(728,442)	(344,978)	-
PFC Account Balance	$ 1,884,596	$ 2,068,213	$ 2,262,876	$ 1,534,434	$ 1,189,456	$ 1,189,456

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, 2007

A. SUMMARY OF AUDIT RESULTS

1. No material weaknesses were identified during the audit of the passenger facility charge program.

2. The auditors' report on compliance for the passenger facility charge program expresses an unqualified opinion.

3. There were no audit findings related to the passenger facility charge program.

B. FINDINGS AND QUESTIONED COSTS

NONE

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

Passenger Facility Charges Program Audit Summary
YEAR ENDED DECEMBER 31, 2007

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