

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated
Government

Annual Financial Report
As of and for the
Year Ended December 31, 2022

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Annual Financial Report
Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Houma-Terrebonne Airport Commission (the Commission), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Commission, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Commission's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Houma-Terrebonne Airport Commission's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to the Executive Director on page 24 and the Schedule of Expenditures of Federal Awards on page 32, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and is not a required part of the financial statements.

The Schedule of Compensation, Benefits, and Other Payments to the Executive Director and the Schedule of Expenditures of Federal Awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to the Executive Director and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2023, on our consideration of the Commission'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* in considering the Commission's internal control over financial reporting and compliance.

Martin and Pelletier

Houma, Louisiana
May 8, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis
Year Ended December 31, 2022

As management of the Houma-Terrebonne Airport Commission (HTAC), we offer readers of HTAC's financial statements this narrative overview and analysis of the financial activities of HTAC for the year ended December 31, 2022.

FINANCIAL HIGHLIGHTS

- Houma-Terrebonne Airport Commission's assets exceeded its liabilities by \$36,392,413 (net position) as of December 31, 2022.
- The Commission's total net position decreased by \$493,449.
- The Houma-Terrebonne Airport Commission received federal and state contributions totaling \$1,231,022 for capital projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to HTAC's basic financial statements. The Houma-Terrebonne Airport Commission's basic financial statements consist of four components: 1) Statement of Net Position 2) Statement of Revenues, Expenses, and Change in Net Position, 3) Statement of Cash Flows, and 4) Notes to Financial Statements.

Statement of Net Position. This statement presents the Houma-Terrebonne Airport Commission's assets and liabilities, with the difference reported as net position. The fluctuation in net position can be used as an indication of whether the financial position of HTAC is improving or deteriorating.

Statement of Revenues, Expenses, and Change in Net Position. Consistent with the full accrual basis method of accounting, this statement accounts for current year revenues and expenses regardless of when cash is received or paid. The statement also exhibits the relationship of revenues and expenses with the change in net position.

Statement of Cash Flows. The statement of cash flows illustrates the cash inflows and outflows of the Houma-Terrebonne Airport Commission.

Notes to Financial Statements. The accompanying notes provide additional information essential to a full understanding of the data provided in the basic financial statements.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis
Year Ended December 31, 2022

BASIC FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of HTAC, assets exceeded liabilities by \$36,392,413 at the close of the most recent year, December 31, 2022. The largest portion of HTAC's total assets is cash and investments (17%) and net capital assets (83%).

HTAC's Net Position

- Total assets increased by \$7,572,402 and total liabilities and deferred inflows of resources increased by \$8,065,861, both primarily due to the implementation of a new GASB lease standard.
- There was a decrease in cash and investments of \$911,114.

	December 31,	
	2022	2021
ASSETS		
Current assets		
Cash and investments	\$ 6,256,897	\$ 7,168,011
Other	950,963	94,153
Capital assets, net of accumulated depreciation	31,107,326	30,931,829
Lease receivable	7,451,209	-
Total assets	45,766,395	38,193,993
 LIABILITIES		
Current liabilities	334,620	270,826
Bond payable		
Due within one year	260,374	251,306
Due in more than one year	525,661	785,999
Total liabilities	1,120,655	1,308,131
 DEFERRED INFLOWS OF RESOURCES - LEASES	8,253,327	-
 NET POSITION		
Net investment in capital assets	30,321,291	29,894,524
Unrestricted	6,071,122	6,991,338
	\$ 36,392,413	\$ 36,885,862

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis
Year Ended December 31, 2022

During the year, HTAC's net position decreased by \$493,449. The elements of the decrease are as follows:

HTAC's Changes in Net Position

	Year Ended December 31,	
	2022	2021
OPERATING REVENUES		
Rents and leases	\$ 1,524,497	\$ 1,895,376
Commissions on fuel	432,939	281,508
Total operating revenues	1,957,436	2,176,884
OPERATING EXPENSES		
Personnel services	930,482	808,660
Contractual services	945,629	330,096
Repairs and maintenance	695,483	411,968
Other expenses	8,390	507,837
Supplies and materials	68,165	54,733
Depreciation expense	1,001,109	983,448
Total operating expenses	3,649,258	3,096,742
OPERATING LOSS	(1,691,822)	(919,858)
NONOPERATING REVENUES (EXPENSES)		
Interest income	546,109	269,330
Interest expense	(32,796)	(41,512)
Unrealized appreciation (depreciation) on investment valuation	(554,617)	(392,949)
Insurance proceeds	50,000	880,795
Other	(41,345)	11,777
Total nonoperating revenues (expenses)	(32,649)	727,441
LOSS BEFORE CONTRIBUTIONS	(1,724,471)	(192,417)
CAPITAL CONTRIBUTIONS	1,231,022	435,961
CHANGE IN NET POSITION	\$ (493,449)	\$ 243,544

As indicated above, net position decreased by \$493,449. This decrease is primarily due to the increase in contractual services expenses resulting from Hurricane IDA related issues.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis
Year Ended December 31, 2022

HTAC's Cash Flows

	Year Ended December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from tenants	\$ 1,511,989	\$ 1,886,884
Cash received from other sources	432,939	1,162,303
Cash paid to employees and suppliers	(2,626,540)	(2,342,195)
Net cash flows provided by (used in) operating activities	(681,612)	706,992
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	582,380	974,121
Interest income	546,109	269,330
Net cash flows provided by investing activities	1,128,489	1,243,451
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(1,176,605)	(2,558,587)
Capital contributions/grant from other governments	1,281,022	435,961
Proceeds on sale of assets	46,655	-
Loss on disposal of assets	(88,000)	-
Principal payments on bond payable	(251,270)	(242,555)
Interest payments on bond payable	(32,796)	(41,512)
Net cash flows used in capital and related financing activities	(220,994)	(2,406,693)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 225,883	\$ (456,250)

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of HTAC's finances for all those with such an interest. Call the HTAC office (985-872-4646), and ask for Heather Boudreaux, Deputy Director, if you should have any further questions concerning any of the information provided in this report or have a request for additional financial information.

FINANCIAL STATEMENTS

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

Statement of Net Position
 December 31, 2022

ASSETS

Current assets		
Cash and cash equivalents	\$	1,053,598
Investments		5,203,299
Accounts receivable		16,448
Lease receivable		802,118
Due from other governmental units		13,595
Prepaid insurance		118,802
Total current assets		7,207,860
Capital assets, net of accumulated depreciation of \$20,081,877		31,107,326
Lease receivable		7,451,209
TOTAL ASSETS		45,766,395

LIABILITIES

Accounts payable and accrued expenses		159,688
Unearned revenues		174,932
Bond payable		
Due within one year		260,374
Due in more than one year		525,661
Total liabilities		1,120,655

DEFERRED INFLOWS OF RESOURCES - LEASES		8,253,327
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NET POSITION

Net investment in capital assets		30,321,291
Unrestricted		6,071,122
TOTAL NET POSITION		\$ 36,392,413

See accompanying notes.

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

Statement of Revenues, Expenses,
 and Change in Net Position
 Year Ended December 31, 2022

OPERATING REVENUES

Rents and leases	\$ 1,524,497
Commissions on fuel	432,939
Total operating revenues	1,957,436

OPERATING EXPENSES

Personal services	930,482
Contractual services	945,629
Repairs and maintenance	695,483
Other expenses	8,390
Supplies and materials	68,165
Depreciation expense	1,001,109
Total operating expenses	3,649,258

OPERATING LOSS	(1,691,822)
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NONOPERATING REVENUES (EXPENSES)

Interest income - investments	122,524
Interest income - leases	423,585
Interest expense	(32,796)
Unrealized depreciation on investment valuation	(554,617)
Grant income	50,000
Loss on disposal of assets	(41,345)
Total nonoperating revenues (expenses)	(32,649)

LOSS BEFORE CONTRIBUTIONS	(1,724,471)
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CAPITAL CONTRIBUTIONS FROM OTHER GOVERNMENTS	1,231,022
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CHANGE IN NET POSITION	(493,449)
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NET POSITION AT BEGINNING OF YEAR	36,885,862
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NET POSITION AT END OF YEAR	\$ 36,392,413
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See accompanying notes.

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

Statement of Cash Flows
Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from tenants	\$ 1,511,989
Cash received from other sources	432,939
Cash paid to employees and suppliers	<u>(2,626,540)</u>
Net cash flows used in operating activities	<u>(681,612)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales/redemptions of investments, net	582,380
Interest income received	<u>546,109</u>
Net cash flows provided by investing activities	<u>1,128,489</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(1,176,605)
Capital contributions/grant from other governments	1,281,022
Proceeds on sale of assets	46,655
Loss on disposal of assets	(88,000)
Principal payments on bond payable	(251,270)
Interest payments on bond payable	<u>(32,796)</u>
Net cash used in capital and related financing activities	<u>(220,994)</u>
Net increase in cash and cash equivalents	225,883
CASH AND CASH EQUIVALENTS, beginning	<u>827,715</u>
CASH AND CASH EQUIVALENTS, ending	<u><u>\$ 1,053,598</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (1,691,822)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	1,001,109
Increase in:	
Accounts receivable	(6,393)
Prepaid insurance	(48,299)
Increase in:	
Accounts payable and accrued expenses	21,608
Unearned revenues	<u>42,185</u>
Net cash flows used in operating activities	<u><u>\$ (681,612)</u></u>

See accompanying notes.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
Year Ended December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Houma-Terrebonne Airport has an aviation/industrial complex comprising of approximately 1,800 acres. Aviation and industrial services produce approximately 180 leases. A busy helicopter oil field shuttle accounts for the majority of the flying operations. The airport is equipped with a full instrument landing system. Through three fixed based operators, a full range of aviation services results in approximately 69,000 aircraft movements each year. Direct flight line and parking apron access is available on approximately 600 leasable acres. Hard-surfaced roads, access to major highways, water canals, and port facilities, are readily available.

The Governmental Accounting Standards Board (GASB) promulgates U.S. generally accepted accounting principles and reporting standards for state and local governmental entities. The GASB issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

Because the Consolidated Government appoints the governing board and thusly can impose its will, the Commission was determined to be a component unit of the Terrebonne Parish Consolidated Government, the governing body of the parish and the governmental body with financial accountability. The accompanying financial statements present information only on the funds maintained by the Commission and do not present information on the Consolidated Government, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity. The Commission has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
Year Ended December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

A. FUND ACCOUNTING

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

B. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting also refers to the timing of the measurements made, regardless of the measurement focus applied. The Airport Commission's Enterprise Fund reported in the accompanying financial statements utilizes the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. The Enterprise Fund is reported using a flow of economic resources measurement focus and a determination of net income and capital maintenance.

C. CASH AND CASH EQUIVALENTS

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

D. INVESTMENTS

Under state law, the Commission may invest in United States bonds, treasury notes, certificates, and commercial paper. As of December 31, 2022, the Commission holds investments as follows:

	<u>Cost</u>	<u>Market Value</u>
US Treasury Notes	\$ 4,976,494	\$ 4,513,028
Federal National Mortgage Assoc.	521,427	472,830
Federal Home Loan Mortgage Corp.	239,789	217,441
	<u>\$ 5,737,710</u>	<u>\$ 5,203,299</u>

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
Year Ended December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

E. ACCOUNTS RECEIVABLE

The Commission accounts for bad debts using the allowance method. As of December 31, 2022, the Commission had no material accounts that were deemed unlikely of collection.

F. CAPITAL ASSETS

Capital assets of the Airport Commission, excluding donated property and equipment, are valued at cost. All donated property and equipment are recorded at estimated fair market value on the date of the donation. Assets are capitalized if costs exceed \$500 and if they have an estimated useful life of at least one year. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Capital assets reported on the statement of net position are net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of the individual asset.

Estimated useful lives of assets range from 1 to 40 years as follows:

<u>Property</u>	<u>Estimated Life in Years</u>
Master Plan/ CIP	20 - 40
Runways and parking apron	5 - 40
Runways and approach lighting	5 - 40
Buildings	3 - 40
Equipment	1 - 40
Automobiles and trucks	5 - 14
Office furniture and fixtures	5 - 20
Land improvements	5 - 40
Industrial park improvements	20 - 40
Miscellaneous	2 - 20

Airport improvements generally have been constructed or acquired with capital contributions from other governments. Depreciation shown on the statement of revenues, expenses, and changes in net position includes depreciation of assets acquired from such contributions.

By a quit-claim deed executed on April 9, 1958, the Houma-Terrebonne Airport Commission acquired 1,743.47 acres of airport property and existing facilities that were transferred to the City of Houma and the Terrebonne Parish Police Jury by the General Services Administration pursuant to the authority contained in the Federal Property and Administrative Services Act of 1949 and the Surplus Property Act of 1944. Administration

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
Year Ended December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

of this property is governed by the provisions of this quit-claim deed. The quit-claim deed is carried on the books at the nominal value of \$1 and, accordingly, no depreciation is included in the accompanying financial statements.

Long-term liabilities are recognized within the Enterprise Fund.

G. NET POSITION

The Houma-Terrebonne Airport Commission's resources are classified for accounting and reporting purposes into the following three net position categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributions, and the like, or imposed by law through constitutional provisions or enabling legislations.

Unrestricted net position consists of net position which does not meet the definition of the two preceding categories. Unrestricted net position often is designated to indicate that management considers it to be available for general operations. Unrestricted net position often has constraints on resources which are imposed by management but can be removed or modified.

H. VACATION AND SICK LEAVE

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

In addition, employees are granted 10 days of sick leave each year. A maximum of 10 days of unused vacation leave may be carried forward from year to year. Sick leave can be accumulated not to exceed 90 days. Upon separation of employment, employees are compensated for accumulated vacation leave at the employee's current rate of pay. Employees retiring with more than 10 years of service are compensated for unused vacation time and 50 percent of the accumulated sick leave to a maximum of 45 days. As of December 31, 2022, employees of the Airport Commission have accumulated \$23,041 of employee leave benefits.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
Year Ended December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

I. ESTIMATES

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

J. RECENT PRONOUNCEMENT

Statement No. 87, "Leases", increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. Management has implemented this statement resulting in a material effect on the financial statements (see note 8).

NOTE 2 – DEPOSITS AND INVESTMENTS

Bank Deposits:

Under state law, the Commission may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of another State of the Union, or the laws of the United States Treasury.

State law requires that deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivisions.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
Year Ended December 31, 2022

NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)

The year-end balance of deposits is as follows:

	Bank Balance	Reported Amount
Cash and cash equivalents	\$ 893,547	\$ 1,053,598

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission has a written policy for custodial credit risk. As of December 31, 2022, the Commission's bank balances were not exposed to credit risk as they were adequately collateralized in accordance with state law by federal deposit insurance.

Investments:

State statutes authorize the Commission to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; and repurchase agreements.

As of December 31, 2022, the Commission had the following investments and maturities:

Investment Type	Investment Maturities (in Years)			
	Fair Value	Less Than 1	1-5	5 or more
U.S. Treasury Notes	\$ 4,513,028	\$ 644,054	\$ 2,446,088	\$ 1,422,886
Federal National Mortgage Association (FNMA) Notes	472,830	-	72,300	400,530
Federal Home Loan Mortgage Corporation (FHLMC) Notes	217,441	-	-	217,441
Totals	\$ 5,203,299	\$ 644,054	\$ 2,518,388	\$ 2,040,857

The Commission values its investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. All Commission investments are valued using quoted market prices (Level 1 input).

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
Year Ended December 31, 2022

NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)

As a means of limiting its exposure to fair value losses arising from interest rates, the Commission investment policy emphasizes maintaining liquidity to match specific flows.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Commission's investment policy requires the application of the prudent-investor rule. The policy states, *Investments shall be made with judgement and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derive.* The Commission's investment policy limits investments to those allowed under state law as described on the previous page. All of the Commission's investments were rated AAA by Standard & Poor's. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Commission does not have a written investment policy for custodial credit risk beyond the investment requirements of state statute, as described on the previous page.

During the year ended December 31, 2022, the Commission recognized \$554,617 of unrealized depreciation on such investments.

A reconciliation of deposits and investments as shown on the Statement of Net Position is as follows:

Reported amount of deposits	\$ 1,053,598
Reported amount of investments	<u>5,203,299</u>
Total	<u><u>\$ 6,256,897</u></u>
Cash and cash equivalents	\$ 1,053,598
Investments	<u>5,203,299</u>
Total	<u><u>\$ 6,256,897</u></u>

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
Year Ended December 31, 2022

NOTE 3 – CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
Capital assets, not being depreciated:				
Land	\$ 1,069,079	\$ -	\$ -	\$ 1,069,079
Capital assets, being depreciated:				
Buildings	2,202,462	-	-	2,202,462
Improvements other than buildings	38,260,858	829,680	-	39,090,538
Furniture and equipment	928,950	156,762	-	1,085,712
Construction in progress	7,551,249	994,623	(804,460)	7,741,412
	<u>48,943,519</u>	<u>1,981,065</u>	<u>(804,460)</u>	<u>50,120,124</u>
Less accumulated depreciation:				
Buildings	(783,873)	(39,329)	-	(823,202)
Improvements other than buildings	(17,477,380)	(915,806)	-	(18,393,186)
Furniture and equipment	(819,515)	(45,974)	-	(865,489)
Total accumulated depreciation	<u>(19,080,768)</u>	<u>(1,001,109)</u>	<u>-</u>	<u>(20,081,877)</u>
Total capital assets being depreciated, net	<u>29,862,751</u>	<u>979,956</u>	<u>(804,460)</u>	<u>30,038,247</u>
Capital assets, net	<u>\$ 30,931,830</u>	<u>\$ 979,956</u>	<u>\$ (804,460)</u>	<u>\$ 31,107,326</u>

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
Year Ended December 31, 2022

NOTE 4 – BOND PAYABLE

After appropriate approval by the Louisiana State Bonding Commission on June 27, 2007, the Commission issued \$4,490,000 of revenue bonds, Series 2007A, for the purpose of constructing and acquiring improvements, extensions and replacements to the taxiways, airport lighting systems, AWOS systems, and other governmental projects, including a new administrative office and fire station, and all appurtenant equipment accessories, replacements and additions related thereto, all works of public improvement and/or revenue producing projects. The Commission issued a revenue refunding bond, Series 2010, on December 1, 2010. This agreement includes monthly principal and interest payments of \$23,672 with an interest rate of 3.55%. The bond matures on December 1, 2025. The outstanding balance of bond payable as of December 31, 2022 is \$1,037,305.

Maturities of long-term debt are as follows:

<u>Year Ending December 31,</u>	
2023	\$ 260,374
2024	269,769
2025	<u>255,892</u>
	<u>\$ 786,035</u>

NOTE 5 – CAPITAL CONTRIBUTIONS FROM OTHER GOVERNMENTS

During the year ended December 31, 2022, the Airport Commission received capital contributions from the following governments:

United States Economic Development Administration	\$ 812,393
Louisiana Department of Transportation	149,325
United States of America/Federal Aviation Administration	<u>269,304</u>
	<u>\$1,231,022</u>

These contributions were designated for use in the Rehabilitation & Widening of Taxiway E, West Ramp Preservation, Taxiways Foxtrot - Design, and Unmanned Aircraft System.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
Year Ended December 31, 2022

NOTE 6 – PENSION PLAN

The Commission provides pension benefits for all of its full-time employees through a defined contribution plan administered by the Public Employees Benefit Services Corporation. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan, plus investment earnings. Employees are eligible to participate from the date of employment. The Plan requires that both the employee and the Commission contribute an amount equal to five percent of the employee's base salary each month. For employees hired prior to January 1, 2012, the Commission's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous service. Employees hired subsequent to January 1, 2012 receive vesting under a seven year sliding schedule. Commission contributions for, and interest forfeited by, employees who leave employment before vesting are used to reduce the Commission's current-period contribution requirement. The Commission and the employees both made the required five percent contributions of \$31,421 for a total contributed of \$62,842.

NOTE 7 – POST-EMPLOYMENT BENEFITS

Employees who complete a minimum of 25 years of permanent and full-time creditable service and have reached the age of 62 years are entitled to receive continued group insurance coverage upon retirement with the Commission paying eighty percent (80%) and the employee paying the remaining twenty percent (20%) of the insurance premiums. The amount of post-employment benefits is immaterial to the financial statements as a whole as of December 31, 2022.

NOTE 8 – LEASES

The Airport Commission leases various parcels of land and/or buildings located at the airport to various aviation, industrial, and business concerns. These are non-cancelable leases with obligated terms ranging from one to ten years or other maximums established by Louisiana Revised Statutes. All leases contain escalation clauses. The leases are subject to state bid laws and final approval by the Federal Aviation Administration under the terms of the quit-claim deed signed April 9, 1958.

The Commission recognized \$1,524,497 of lease revenue and \$423,585 in interest revenue during the current fiscal year. As of December 31, 2022, the Commission's lease receivable balance for lease payments and deferred inflow of resources with these leases that will be recognized as revenue over the lease term is \$8,253,327.

The lease agreements may contain variable payments or termination penalties that are not know or certain to be exercised at the time of the lease receivable valuation. When applicable, these inflows are recognized as revenues in the period that they occur. During the year ended December 31, 2022, the Commission did not recognize revenues for variable lease payments or termination penalties.

Houma-Terrebonne Airport Commission
 Terrebonne Parish Consolidated Government

Notes to Financial Statements
 Year Ended December 31, 2022

NOTE 8 – LEASES (Cont.)

The following is a schedule of future lease payments to be received:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 802,118	\$ 423,585
2024	802,118	423,585
2025	802,118	423,585
2026	802,118	423,585
2027	802,118	423,585
2028 - 2032	4,010,590	2,117,925
2033 - 2037	232,147	423,585
	<u>\$ 8,253,327</u>	<u>\$ 4,659,435</u>

NOTE 9 – COMPENSATION OF BOARD COMMISSIONERS

As provided by Louisiana Revised Statute 2:603, the Commissioners have elected to use the monthly meeting method of compensation. Under this method, the chairman and other board members receive a payment for each meeting attended with a limit of two paid meetings per month. The chairman receives \$200 per meeting. The board members receive \$80 per meeting. The compensation is included in personal services expense on the statement of revenues, expenses, and change in net position. The following amounts were paid to commissioners for the year ended December 31, 2022:

Mr. Mike Kreller, Chairman	\$ 4,200
Mr. Vincent Celestin	1,840
Mr. Edward L. Marmande, Secretary/Treasury	1,760
Mr. Joshua Alford, Vice Chairman	1,600
Mr. Derrick A. Miller	1,360
Mr. Carleton A. Casey	1,280
Mr. Jeff Teuton	960
Mr. John B. Watson	160
Total	<u>\$ 13,160</u>

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
Year Ended December 31, 2022

NOTE 10 – RISK MANAGEMENT

The Commission is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to the public; and natural disasters for which the Commission carries commercial insurance or other insurance for the losses to which it is exposed. The Commission's premiums for general liability are based on various factors such as its operations and maintenance budget, exposure, and claims experience. The premium for auto liability is based on claims experience, vehicle type, and mileage.

NOTE 11 – HURRICANE IDA

On August 29, 2021, Hurricane Ida made landfall near Port Fourchon, Louisiana as Category 4 storm, with winds in excess of 150 miles per hour. The natural disaster caused significant wind-related and water-related damage to homes and businesses throughout Terrebonne Parish, to which property owned by the Commission was no exception. During the year ended December 31, 2022, the Commission expended \$449,377 on related repairs and received \$50,000 of related grants. The excess of amounts expended, \$399,377, is included in Repairs and Maintenance in the accompanying Statement of Revenues, Expenses, and Change in Net Position.

NOTE 12 – SUBSEQUENT EVENTS

Subsequent events were evaluated through May 8, 2023, which is the date the financial statements were available to be issued, and it was determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

OTHER INFORMATION

Houma-Terrebonne Airport Commission
 Terrebonne Parish Consolidated Government

Schedule of Compensation, Benefits, and Other
 Payments to the Executive Director
 Year Ended December 31, 2022

Agency Head Name: Myrden Pellegrin, Executive Director

Purpose	Amount
Salary	\$ 109,140
Benefits - insurance	-
Benefits - retirement	5,457
Deferred compensation	-
Benefits - other	583
Car allowance/automobile expense	7,200
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	807
Registration fees	879
Conference travel	-
Continuing professional education fees	-
Housing	1,992
Unvouchered expenses	-
Special meals	791

This form is used to satisfy the reporting requirements of R.S. 24:513(A)(3).

**REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS
AND UNIFORM GUIDANCE**

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**INDEPENDENT AUDITOR'S 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
Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government
Houma, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Houma-Terrebonne Airport Commission (the Commission), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Commission's financial statements, and have issued our report thereon dated May 8, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission'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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Houma, Louisiana
May 8, 2023

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section I – Summary of Auditor’s Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the Houma-Terrebonne Airport Commission.
2. No deficiencies in internal control over financial reporting were noted during the audit of the financial statements.
3. No instances of noncompliance or other matters required to be reported in accordance with *Government Auditing Standards* were noted during the audit.
4. No deficiencies in internal control were noted during the audit of internal control over the major federal award program.
5. The auditor’s report on compliance for the major federal award program for the Commission expresses an unmodified opinion on the major federal program.
6. No audit findings relative to the major federal award program were noted.
7. The program tested as a major program was the U.S. Department of Commerce, Investments for Public Works and Economic Development Facilities, ALN# 11.300.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The Commission did not qualify as a low-risk auditee.
10. A management letter was not issued.

Section II – Financial Statement Findings

No findings relate to the basic financial statements of the Houma-Terrebonne Airport Commission, which would be required to be reported in accordance with *Government Auditing Standards*, were noted during the audit.

Section III – Findings and Questioned Costs – Major Federal Award Program Audit

No significant control deficiencies, findings, or questioned costs were noted during the audit of the major federal award program.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Schedule of Prior Findings and Resolution Matters
Year Ended December 31, 2022

Section I – Internal Control and Compliance Material to the Financial Statements

Internal Control

No findings related to the Houma-Terrebonne Airport Commission's internal control, which would be required to be reported in accordance with *Government Auditing Standards*, were noted during the audit for the year ended December 31, 2021.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2021.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

A management letter was not issued.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

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

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited the Houma-Terrebonne Airport Commission's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended December 31, 2022. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We

believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Commission's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

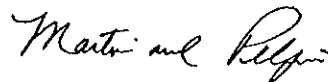
Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Houma, Louisiana
May 8, 2023

Houma-Terrebonne Airport Commission
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Contract Number	Federal Expenditures
<u>U.S. DEPARTMENT OF COMMERCE</u>			
<u>Economic Development Administration</u>			
Investments for Public Works and Economic Development Facilities	11.300	08-01-05277	<u>\$ 812,393 *</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<u>Federal Aviation Administration</u>			
Airport improvement Program	20.106	3-22-0020-031-2021	238,583
Airport improvement Program	20.106	3-22-0020-034-2022	<u>30,271</u>
			<u>268,854</u>
			<u>\$ 1,081,247</u>

* Denotes a major program

See Independent Auditor's Report.

Houma-Terrebonne Airport Commission
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Houma-Terrebonne Airport Commission and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note B – Definition of a Major Program

The Uniform Guidance defines a major program based on the total federal awards expended during the year.

Note C – Assistance Listing Numbers

The Assistance Listing numbers included in this report were determined based on the program name, review of grant contract information, and the information at SAM.gov.

Note D – Indirect Cost Rate

The Commission did not elect to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

See Independent Auditor's Report.

STATEWIDE AGREED-UPON PROCEDURES

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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. Houma-Terrebonne Airport Commission's management is responsible for those C/C areas identified in the SAUPs.

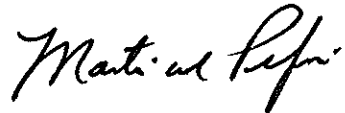
Houma-Terrebonne Airport Commission has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are described on pages 36-54.

We were engaged by Houma-Terrebonne Airport Commission to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Houma-Terrebonne Airport Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in black ink, appearing to read "Martine Lefevre". The signature is written in a cursive, flowing style.

Houma, Louisiana
May 8, 2023

Houma-Terrebonne Airport Commission

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
Year Ended December 31, 2022

The required procedures and our findings are as follows:

Procedures performed on the Commission's written policies and procedures:

Written Policies and Procedures

1. Obtain and inspect the Commission's written policies and procedures and observe that they address each of the following categories and subcategories, as applicable:

a. Budgeting, including preparing, adopting, monitoring, and amending the budget.

Performance: Obtained and read the written policy for budgeting and found it to contain the requirements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

b. Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Performance: Obtained and read the written policy for purchasing and found it to contain all requirements above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

c. Disbursements, including processing, reviewing, and approving.

Performance: Obtained and read the written policy for disbursements and found it to contain the requirements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

d. Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.

Performance: Obtained and read the written policy for receipts and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Houma-Terrebonne Airport Commission

Schedule of Procedures and Associated Findings of the Statewide Agreed-Upon Procedures Year Ended December 31, 2022

- e. Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Performance: Obtained and read the written policy for payroll and personnel and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- f. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Performance: Obtained and read the written policy related to contracting and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- g. Credit Cards, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage.

Performance: Obtained and read the written policy related to credit cards and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- h. Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Performance: Obtained and read the travel and expense reimbursement policy and found it contained all requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- i. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Performance: Obtained and read the written policy related to ethics and found

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it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- j. Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Performance: Obtained and read written policy for debt service and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- k. Information Technology Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Performance: Obtained and read written policy for information technology disaster recovery/business continuity and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- j. Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Performance: Obtained and read written policy for sexual harassment and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Board or Finance Committee

- 2. Obtain and inspect the board minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other

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equivalent document.

Performance: Determined that the board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document except for the below.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the enterprise fund.

Performance: Determined whether the minutes referenced or included monthly budget-to-actual comparisons.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Obtain the prior year audit report and observe the unrestricted net position in the enterprise fund. If the enterprise fund had a negative ending unrestricted net position in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted net position in the enterprise fund.

Performance: Determined that the unrestricted net position in the enterprise fund did not have a negative balance.

- d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according the management's corrective action plan at each meeting until the findings are considered fully resolved.

Performance: Determined that the Commission has no outstanding audit findings.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Performance: Obtained the listing of bank accounts from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

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Management's response: Not applicable.

- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date;

Performance: Determined that randomly selected bank statements were reconciled within two months of the related statement closing date.

Exceptions: While the bank reconciliations were properly prepared and included evidence of supervisory review, there was no indication of the date prepared.

Management's response: Upon review of the prepared bank reconciliations by management, the date of review will be included on the reconciliations, concurrent with the initialing by the reviewer.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation;

Performance: Inspected documentation for management approvals of each randomly selected bank reconciliation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than twelve months from the statement closing date.

Performance: Determined that there were no items outstanding for more than twelve months as of the end of the statement closing date.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders are prepared and management's representation that the listing is complete. Randomly select five deposit sites (or all deposit sites if less than five).

Performance: Observed the listing of deposit sites from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

5. For each deposit site selected, obtain a listing of collection locations and

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management's representation that the listing is complete. Randomly select one collection location for each deposit site, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection location such that:

Performance: Observed the listing of collection locations from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Performance: Determined that no cash drawers/registers are shared by employees.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation to the deposit.

Performance: Inspected policy manual and inquired of client to ensure separation of duties for those employees collecting cash and those employees preparing/making bank deposits.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Performance: Inspected policy manual and inquired of client to ensure separation of duties for those employees collecting cash and those employees posting collection entries to the general ledger or subsidiary ledgers.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) The employee responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Performance: Inspected policy manual and inquired of client to ensure

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separation of duties for those employees collecting cash and those employees reconciling cash collections to the general ledger and/or subsidiary ledgers.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

6. Observe from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

Performance: Determined whether employees who have access to cash are covered by a bond or insurance policy for theft.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

7. Randomly select two deposit dates for each of the bank accounts selected for procedure #3 under "Bank Reconciliations" above. Obtain supporting documentation for each of the deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Performance: Determined that sequentially pre-numbered receipts are not required for the type of deposits that are received at the Commission.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Performance: Inspected deposits from two random deposit dates to determine if they had collection documentation that agreed to the respective deposit slips. Noted that collections were supported by adequate documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Performance: Inspected deposits from two random deposit dates to determine if the deposit slips agreed to the actual deposits per the bank statements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Observe that the deposit was made within one business day of receipt at the collection location.

Performance: Determined if deposits from two random dates were deposited

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within one business day of receipt.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- e) Trace the actual deposit per the bank statement to the general ledger.

Performance: Inspected deposits from two random deposit dates to determine if the deposits per the bank statements agree to the general ledger.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five locations (or all locations if less than five).

Performance: Obtained a listing of locations that processed payments for the fiscal period from management and received management's representation in a separate letter. Determined that only one location processed payments.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties, and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Performance: Obtained a listing of those employees involved with non-payroll purchasing and payment functions along with written policies and procedures for those functions to determine if there was a proper segregation of duties for initiating, approving, and making purchases.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) At least two employees are involved in processing and approving payments to vendors.

Performance: Obtained a listing of those employees involved with non-payroll purchasing and payment functions along with written policies and procedures for those functions to determine if there was a proper segregation of duties for

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processing and approving payments to vendors.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Performance: Inspected policy manual and inquired of management as to separation of duties related to vendor files.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Performance: Inquired of management to determine if the employee responsible for processing payments mails those respective payments.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Performance: Inquired of management to determine whether release of electronic disbursements are appropriately authorized.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction and:

Performance: Obtained the completed general ledger for the fiscal period and obtained management's representations in a separate letter. Randomly selected five disbursements using a random number generator for check numbers to test the requirements below.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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- a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

Performance: Determined that the five random disbursements matched their respective original invoices and that the invoices indicate that deliverables were received by the entity.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that the disbursement documentation included evidence of segregation of duties tested under #9, as applicable.

Performance: Determined whether the documentation for the five random disbursements gave evidence of the segregation of duties tested under #9 above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

11. Using the entity's main operating accounts and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursement (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

Performance: Determined whether the documentation for the five random disbursements gave evidence of the disbursements being appropriately approved.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Performance: Obtained a listing of all active credit cards (including the card numbers and the person in possession of the card) and management's representation that the listing is complete.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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13. Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card, obtain supporting documentation, and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Performance: Randomly selected all three credit cards for testing; randomly selected one month for each credit card and determined that supporting documentation was properly reviewed and approved in writing by someone other than the authorized user and that no finance charges or late fees were assessed.

Exceptions: There was no evidence that supporting documentation was properly reviewed and approved.

Management's Response: All credit card statements will be properly reviewed and approved by appropriate individuals.

14. Using the monthly statements or combined statements selected under #13 above, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals.

Performance: For the statements selected for testing in #13, selected all transactions from each and determined that the charges were supported by an original, detailed, itemized receipt which included written documentation of business purpose and individuals participating in the meals, if applicable.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

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Performance: Requested a listing of travel and related expense reimbursements for the year. Management indicated there was none and confirmed this in a separate letter. We reviewed the general ledger for the year and determined that this representation was accurate.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Performance: As there were no travel reimbursements during the year, this procedure is not applicable.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Performance: As there were no travel reimbursements during the year, there were no exceptions noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy.

Performance: As there were no travel reimbursements during the year, this procedure is not applicable.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Performance: As there were no travel reimbursements during the year, this procedure is not applicable.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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Contracts

16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:

Performance: Observed the listing of contracts in effect during the fiscal year from management and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law, if required by law.

Performance: Determined that contracts in place were bid in accordance with the Public Bid Law.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

b) Observe that the contract was approved by the governing body/board, if required by policy or law.

Performance: Determined that the selected contracts were approved by the board.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

c) If the contract was amended, observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms.

Performance: Determined that selected contracts did not include amendments to the original contracts.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Performance: Inspected the randomly selected invoice and compared to the

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written contract information to determine that the invoice and related payment complied with the terms of the contract.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Payroll and Personnel

17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Performance: Observed the listing of employees and received management's representation of completeness in a separate letter. Randomly selected five employees, obtained personnel files, and agreed pay rates to personnel files.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

18. Randomly select one pay period during the fiscal period. For the five employees selected under #17 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees or officials documented their daily attendance and leave

Performance: Determined that all selected employees documented their daily attendance and leave for the selected pay period.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that supervisors approved the attendance and leave of the selected employees or officials.

Performance: Determined that the attendance and leave of each employee for the selected pay period was approved by each employee's respective supervisor.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Performance: For the five employees selected, determined that accrued and/or paid leave in the pay period was properly reflected in the Commission's cumulative leave records.

Exceptions: There were no exceptions noted.

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Management's Response: Not applicable.

- d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Performance: For the five employees selected, determined that the pay rate as per the payroll check computation agreed to the pay rate in the personnel file.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable

19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Performance – Obtained a listing of the employees receiving termination payments and management's written representation that the list is complete. For any such payments during the year, agreed the hours to the employees' cumulative leave records, agreed the pay rates to the employees' personnel files, and determined that the termination payments agreed to the Commission's policy.

Exceptions: As there were no termination payments during the year, there were no exceptions noted.

Management's Response: Not applicable.

20. Obtain management's representation that employer and employee portions of third-party payroll-related amounts have been paid, and any associated forms have been filed, by required deadlines.

Performance – Obtained management's representation that employer and employee portions of third-party payroll-related amounts have been paid, and any related forms have been timely filed.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

Ethics

20. Using the five randomly selected employees from procedure #17 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee selected had

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completed one hour of ethics training during the fiscal period.

Performance: Observed the ethics course completion certificates for the employees/officials tested.

Exceptions: Documentation of ethics training was unavailable for all employees tested.

Management's response: Due to oversight, the employees did not complete ethics training in 2022. All commissioners and employees will complete the required training in 2023 and subsequent years.

- b) Observe that the entity maintains documentation which demonstrates each employee and official was notified of any changes to the entity's policy during the fiscal period, as applicable.

Performance: Determined that there were no changes to the ethics policy during the fiscal period to notify the commissioners/employees of.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Performance: Inquired as to whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Debt Service

23. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Performance: Determined that no new debt had been issued during the fiscal period and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

24. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

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Performance: Obtained a listing of the outstanding debt at the end of the fiscal period and received management's representation of completeness in a separate letter. Inspected debt covenants, obtained supporting documentation for the balance and payments, and agreed the actual balance and payments to the required debt covenants for the one outstanding bond issue.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Fraud Notice

25. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Performance: Inquired of management of any misappropriations of public funds or assets and determined that none were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

26. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Performance: Inquired and observed such notice posted on the premises and website.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures and verbally discuss the results with management.

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week and was not stored on the local server or network. If backups are stored on a physical medium, observe evidence that backups are encrypted before being transported.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and

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observe evidence that the test/verification was successfully performed within the past three months.

- c) Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select five computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting software in use are currently supported by the vendor.

Performance – We performed the procedures and discussed the results with management.

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Performance: Determined that there were no terminated employees during the year.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

Prevention of Sexual Harassment

29. Using the five randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Performance – Observed that the documentation demonstrates each employee tested completed one hour of sexual harassment training during the calendar year.

Exceptions: Documentation of sexual harassment training was unavailable for all employees tested.

Management's Response: Due to oversight, the employees did not complete sexual harassment training in 2022. All commissioners and employees will complete the required training in 2023 and subsequent years.

30. Observe that the entity has posted its sexual harassment policy and complaint

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procedure on its website.

Performance – Review the Commission’s website to determine if its sexual harassment policy is posted.

Exceptions – No exceptions noted.

Management’s Response – Not applicable.

31. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the Commission who have completed the training requirements;
- b) Number of sexual harassment complaints received by the Commission;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Performance – Obtained the Commission’s sexual harassment report and determined that it was dated prior to February 1. Determined that the number and percentage of public servants completing the training requirements was disclosed and that no sexual harassment complaints were received.

Exceptions – While the Commission prepared a sexual harassment report that included all the required provisions, the report was not dated.

Management’s Response – Going forward, the annual sexual harassment report will be dated as of the date of completion.