

Component Unit Financial Statements and
Report of Independent Auditors'

Airport Authority for Airport District #1
Of Calcasieu Parish
Lake Charles, Louisiana

December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Airport Authority for Airport District #1
of Calcasieu Parish, component unit of
the Calcasieu Parish Police Jury
Lake Charles, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Airport Authority for Airport District #1 of Calcasieu Parish, component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Airport Authority for Airport District #1 of Calcasieu Parish, component unit of the Calcasieu Parish Police Jury's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Airport Authority for Airport District #1 of Calcasieu Parish, component unit of the Calcasieu Parish Police Jury, as of December 31, 2021 and 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Airport Authority for Airport District #1 of Calcasieu Parish, component unit of Calcasieu Parish Police Jury, 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 opinions.

Responsibilities of Management for the Financial Statements

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 and fair presentation 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 Airport Authority for Airport District #1 of Calcasieu Parish, component unit of Calcasieu Parish Police Jury's ability to continue as a going concern for twelve months beyond the financial statement date, including any 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 opinions. 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Airport Authority for Airport District #1 of Calcasieu Parish, component unit of Calcasieu Parish Police Jury'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 Airport Authority for Airport District #1 of Calcasieu Parish, component unit of Calcasieu Parish Police Jury'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 6 through 10, the pension liability information on pages 44 through 45, and the OPEB liability information on page 46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Airport Authority for Airport District #1 of Calcasieu Parish, component unit of Calcasieu Parish Police Jury's basic financial statements. The accompanying schedule of compensation, benefits and other payments to agency head or chief executive officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, 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 are not a required part of the basic financial statements. Such information is 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. The 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 agency head or chief executive officer 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 13, 2022, on our consideration of the Airport Authority for Airport District #1 of Calcasieu Parish, component unit of Calcasieu Parish Police Jury'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 solely 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 effectiveness of the Airport Authority for Airport District #1 of Calcasieu Parish, component unit of Calcasieu Parish Police Jury's 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 Airport Authority for Airport District #1 of Calcasieu Parish, component unit of Calcasieu Parish Police Jury's internal control over financial reporting and compliance.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
May 13, 2022

AIRPORT AUTHORITY FOR AIRPORT DISTRICT #1 OF CALCASIEU PARISH - LAKE CHARLES, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Using This Annual Report

The basic financial statements focus on the Airport as a whole. These basic statements are designed to emulate corporate presentation models whereby all Airport activities are consolidated into one business-type fund. The focus of the Statements of Net Position is designed to be similar to bottom line results for the Airport. This statement combines current financial resources with capital assets. The Statements of Revenues, Expenses, and Changes in Net Position focus on results of operations and non-operating revenues that support operations of the Airport.

Overview of the year 2021

As 2021 ends and the new year begins, I'm pleased to be able to report progress on a number of fronts. While setbacks continue to occur with various mutations of COVID-19 and another very active year for natural weather disasters in Louisiana, we continue to put distance between us, and the devastating impacts felt in 2020. As I was preparing these remarks, I looked back at a previous outline and the contrast between where we've been and where we are today was striking. At that moment, it became clear just how far we've come in our recovery, and I'm grateful to be able to reflect on these extremely positive developments. While there remains uncertainty and many challenges ahead – I'm speaking industry air service challenges specifically – today, I can report on significant progress.

Mother nature wasn't done with us yet. February brought a major freeze which crippled both Texas and Louisiana once again forcing the closure of the Airport for the third time in seven months, and for the first time (due to ice) since 1997. March ushered in a historic flood which further complicated recovery efforts and created new devastation. This event forced us to close airfield pavement for the first time in the history of the Airport due to flood waters encroaching upon taxiways alpha and hotel. Nonetheless, we remained operational. At that time, in March 2021 – in a period of 12 months – we had experienced the pandemic, the most powerful hurricane to strike Louisiana in 150 years, a category 2 hurricane shortly thereafter, the crippling freeze, and the historic flood – all Federally declared disasters. Most organizations don't experience that many challenges in 50 years much less 18 months, but we're still here pushing forward. It is in that spirit of moving forward that we begin 2022 in a position where I, for one, am encouraged and excited about the opportunities before us.

As you know, following the far-reaching impacts of the pandemic, LCH lost several tenants including Hertz Rental Car, our terminal Food and Beverage, terminal gift shop and Bullet Baseball. Following hurricane Laura, we lost even more tenants with the total destruction of 70% of our hangar infrastructure. Even though we had prepared financially for a rainy day, these losses would have been devastating without relief funding. Nonetheless, I'm grateful, and frankly a bit surprised to be able to report on great progress and recovery – much of it sooner than we might have anticipated. Today you all just approved a new lease for the return of Hertz Rental Car. We now have new and improved food and beverage offerings and a terminal gift shop with Common Grounds. While Bullet Baseball is no longer, we were able to negotiate an agreement to receive their building a year earlier than expected which we in turn leased to a new tenant, Twisted Vines. Each of these represent recovery, but also building blocks for the future in terms of revenue and services provided to our public.

In addition to welcoming back these tenants, we have executed another c-store lease which will not only bring additional revenue but will be another multimillion-dollar development on property owned by the Airport. Following Hurricane Laura, we shifted our hangar development strategy in a way that allows the Airport to focus on larger conventional hangars to support business development while allowing the private sector to fill the demand for private t-hangars. By not having the Airport compete with the private sector at artificially low lease rates for this type of development, we've attracted a public/private partnership in which the Airport provided the infrastructure to support \$2.5 million in private funds being spent on new t-hangars. We expect this development strategy to continue as general aviation demand for t-hangars drives the market. An added benefit of this of arrangement is that the aircraft being stored in these new higher end developments tend to be aircraft that are used at a much higher frequency; thereby increasing aviation activity and fuel sales at the Airport. While the monthly rental rates are based on market value in order for the developer to gain a return on investment, I believe this creates a much more robust general aviation community here at LCH. Likewise, these developments generate a significant amount of tax revenue for the Parish. These improvements combined are in excess of \$5 million in private funding being invested in a public facility in LCH – a win for all involved – especially the general public.

The Airport also continues to be the beneficiary of Federal relief funds which now total in excess of \$20 million since 2020. We are executing a plan that splits these funds equally between operational funding and capital improvements over four years. In addition to the already received, CARES, CRSSA, and ARPA funding, the recently passed infrastructure and Jobs Act includes \$25 billion for additional airport development in the US. This will double the annual Federal entitlement funds that LCH receives for the next five years. In addition to the formula grants, LCH will be eligible to apply for various discretionary grants. Examples of projects that we are already planning to submit will be the air traffic control tower along with potential sustainability and resiliency projects such as solar and the possible establishment of a micro electrical grid for the Airport.

Speaking of development, LCH has recently completed more than \$8 million in capital improvements including: the perimeter fence (100% new standard), 100% LED airfield lighting, drainage Improvements, parking lot Improvements, self-serve fuel, emergency electric generators, overhead utility burial, and the sanitary sewer connection to the Parish. We currently have over \$12 million in capital projects ongoing including: two new loading bridges, obstruction removal, runway 5/23 overlay, apron lighting, loading/unloading canopies, entrance road improvements, electric vehicle chargers and a new emergency notification system. Finally, we have over \$10 million in design and/or funded (not including new IJA money) including: ready/return lot improvements, hangars 2 and 3, a new GA terminal, Airport maintenance building, employee parking, air traffic control tower and additional parking improvements. Together this amounts to over \$31 million in capital improvements recently completed or underway at LCH with more to come.

In terms of physical and monetary recovery from the pandemic and hurricanes, LCH is in fantastic shape. We have solid fund balances across our accounts with steady funding that will take us through the next several budget cycles while setting us on a sustainable course for years beyond that. As previously mentioned, we'll have a physical plant that is renewed and in as good of shape as it has been since the Airport was constructed in the 50's. This is what I alluded to in the opening as to why – even with all that has happened – I remain optimistic. We are taking advantage of every opportunity before us, and I believe in making the correct business moves on the things that we can control. The measurement of success is a healthy balance sheet, accountability, clean audits, clean federal certification inspections and significant development. I look forward to 2022 as we commission exciting new developments and continue to execute our plan to recover and make LCH the best that it can be.

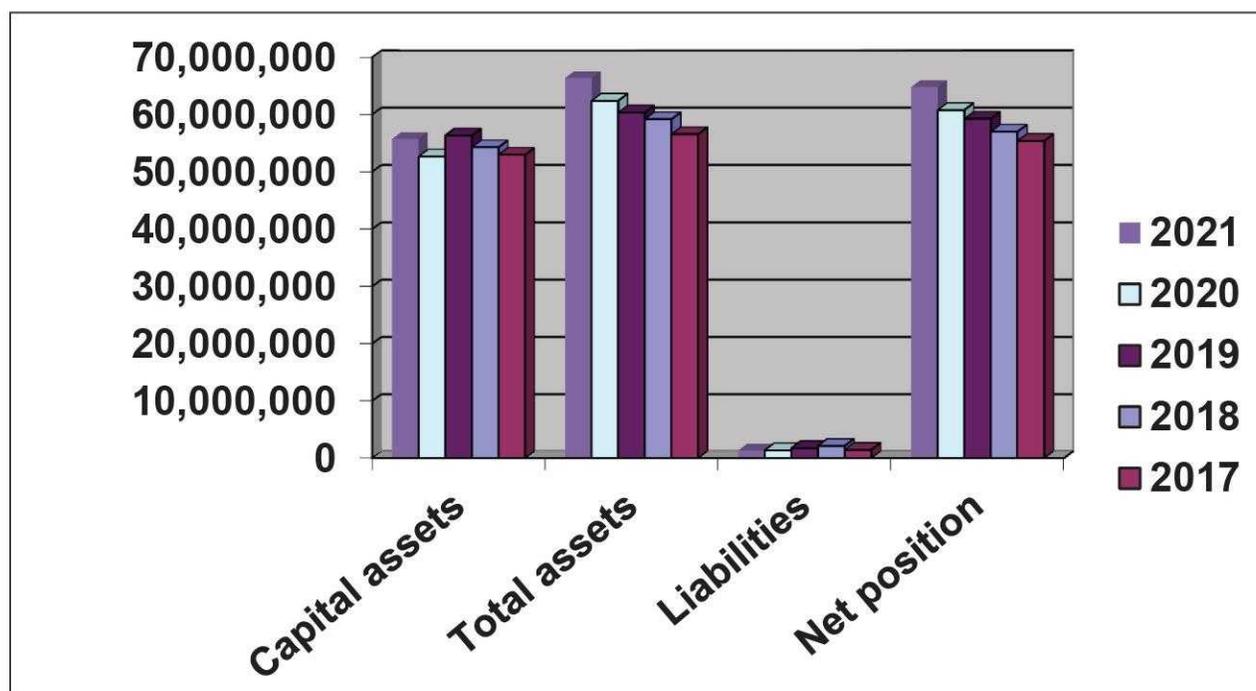
Financial Highlights

As of December 31, 2021, the Airport's net position has increased to \$64.8 million from \$60.8 million at December 31, 2020. This increase is due mostly to replacement of hurricane damaged buildings and other capital asset additions. This year's significant capital additions were:

- Building repairs and replacements \$ 1,964,707
- Equipment, fencing, and airfield signage \$ 1,426,533
- Utility improvement \$ 1,764,583

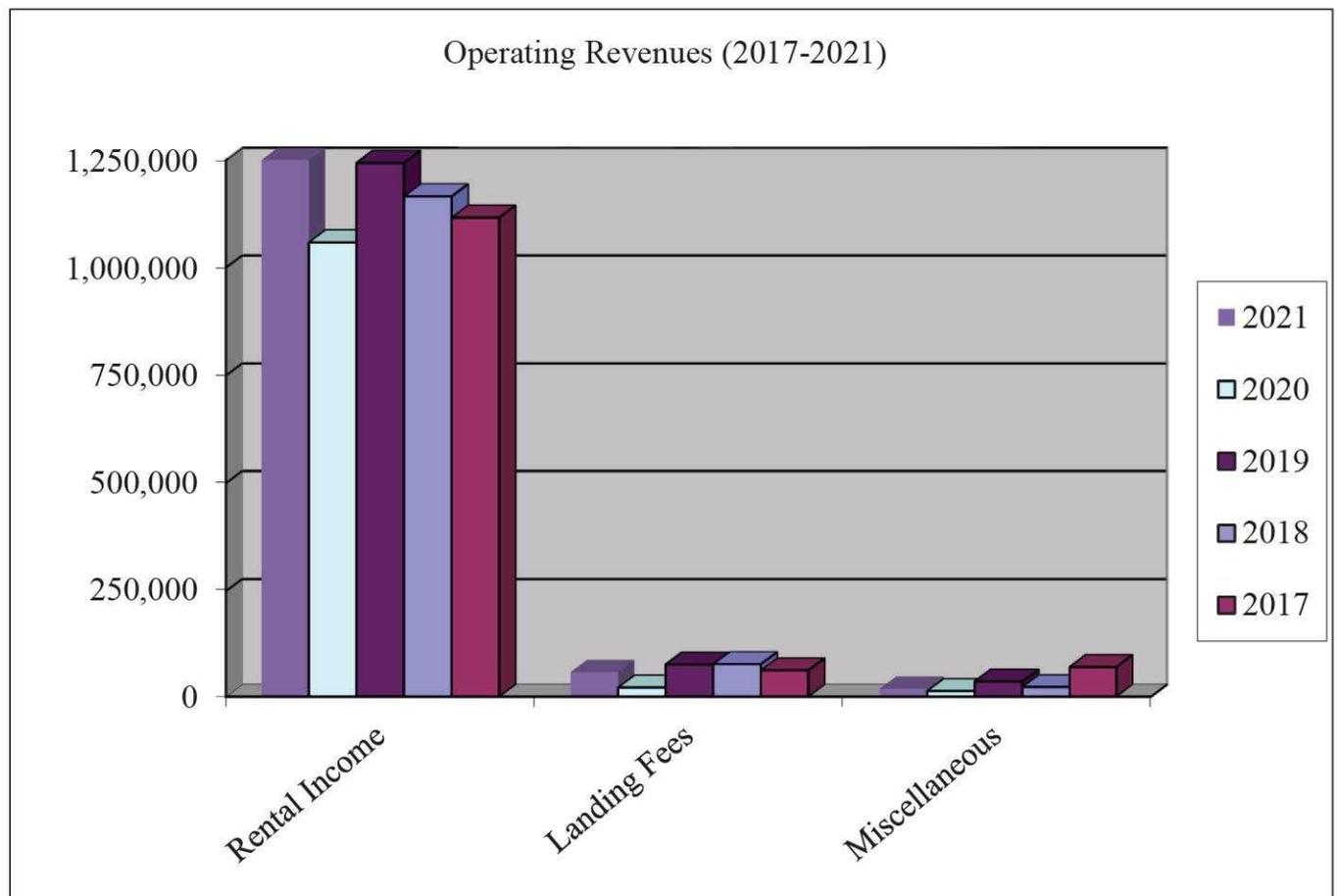
Restricted net position amounts represent those assets that are available for specific purposes as a result of an agreement. Conversely, unrestricted net position amounts are those that do not have any limitations for which these amounts may be used.

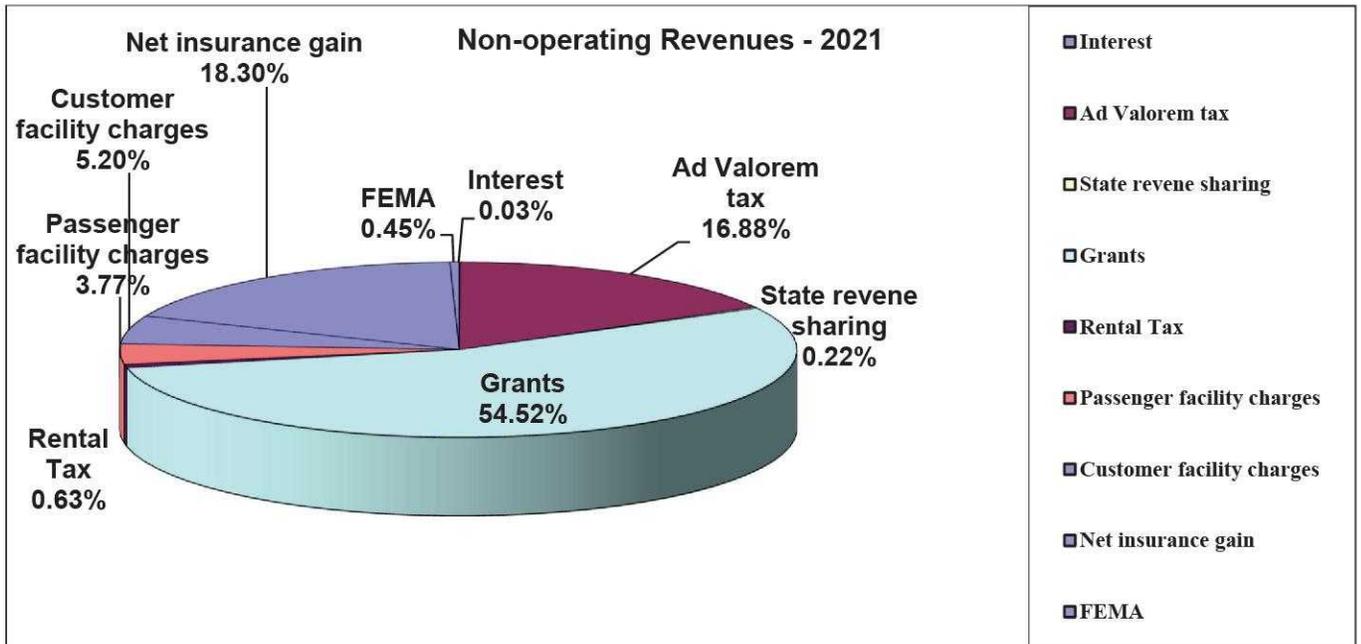
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current assets	\$9,102,679	\$8,686,907	\$3,245,747
Net pension asset	225,587	-	-
Restricted cash	1,300,648	1,051,276	775,067
Capital assets, net of accumulated depreciation	<u>55,734,515</u>	<u>52,670,142</u>	<u>56,332,924</u>
Total assets	66,363,429	62,408,325	60,353,738
Deferred outflows	<u>243,959</u>	<u>189,244</u>	<u>681,629</u>
Total assets and deferred outflows	66,607,388	62,597,569	61,035,367
Other liabilities	685,376	708,956	356,031
Long-term liabilities	<u>649,158</u>	<u>641,952</u>	<u>1,374,218</u>
Total liabilities	1,334,534	1,350,908	1,730,249
Deferred inflows	<u>474,726</u>	<u>446,322</u>	<u>34,086</u>
Net Position:			
Net investment in capital assets	55,415,042	52,289,463	56,135,676
Restricted- PFC projects	446,642	239,833	156,156
Restricted- CFC projects	858,453	851,500	703,592
Unrestricted	<u>8,077,991</u>	<u>7,419,543</u>	<u>2,275,607</u>
Total net position	<u>\$64,798,128</u>	<u>\$60,800,339</u>	<u>\$59,271,031</u>



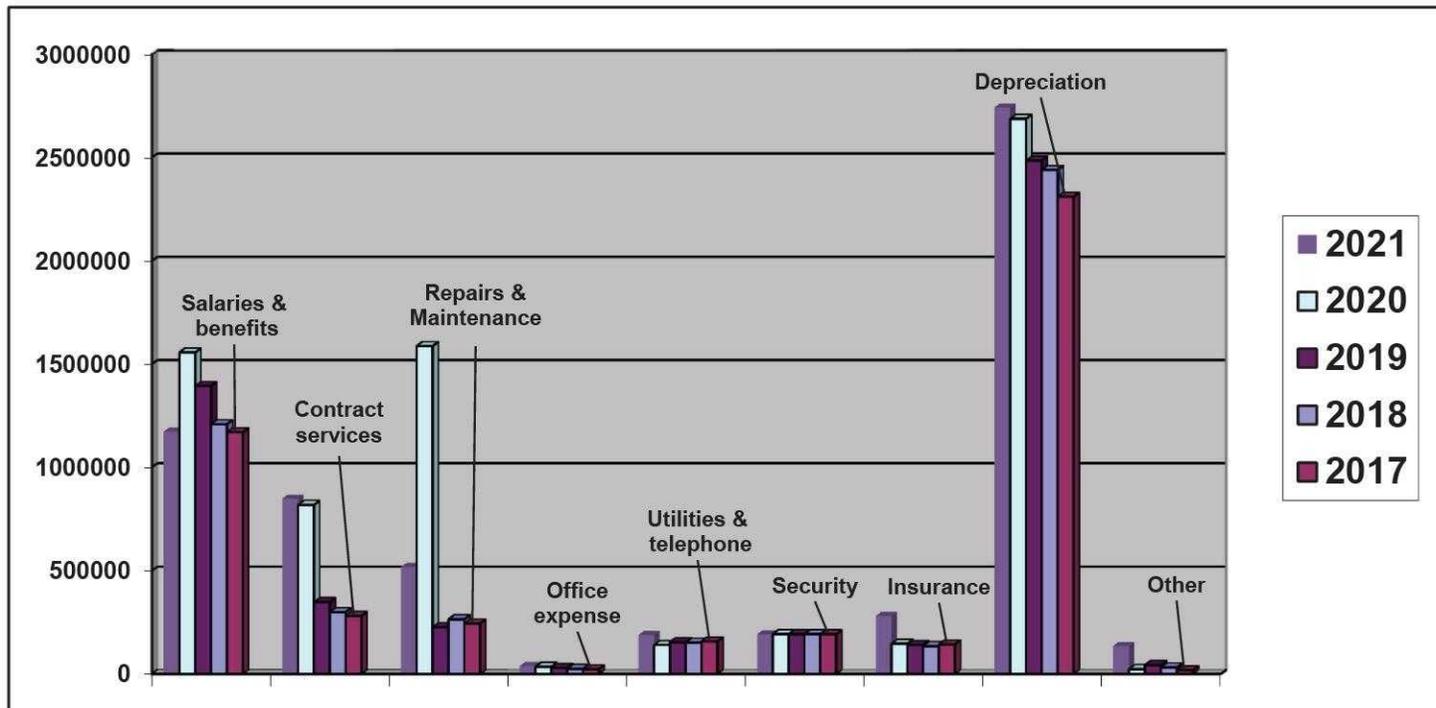
During 2021, Operating revenues increased approximately \$240,000 from last year. Total expenses (before depreciation) decreased by approximately \$1,200,103 with the majority of the decrease coming from a reduction in hurricane related expenses.

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 1,335,168	\$ 1,094,000	\$ 1,355,521	\$ 1,265,290
Operating expenses	<u>6,120,737</u>	<u>7,189,460</u>	<u>5,015,861</u>	<u>4,750,055</u>
Operating (loss)	(4,785,569)	(6,095,460)	(3,660,340)	(3,484,765)
Non-operating				
Revenues(expenses)	5,754,605	6,397,426	1,567,233	1,487,608
Other revenues	<u>3,028,753</u>	<u>1,227,342</u>	<u>4,357,391</u>	<u>3,606,017</u>
Increase (decrease) in net position	<u>\$3,997,789</u>	<u>\$1,529,308</u>	<u>\$2,264,284</u>	<u>\$ 1,608,860</u>





Operating expenses – 2017-2021



Airport Authority for Airport District #1 of
Calcasieu Parish - Lake Charles, Louisiana

STATEMENTS OF NET POSITION

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 4,169,562.90	\$ 1,445,956.40
Accounts receivable		
Insurance proceeds	1,782,436.42	5,228,561.13
Trade	178,047.85	50,878.01
Advalorem Taxes	955,349.63	824,054.40
State revenue sharing	13,060.20	8,709.75
Federal grants	1,215,423.14	542,655.48
State grants	665,072.79	517,145.33
Customer facility charges	37,585.00	25,540.00
Passenger facility charges	38,111.69	14,517.14
Total accounts receivable	<u>4,885,086.72</u>	<u>7,212,061.24</u>
Prepaid expense	20,422.97	15,641.85
Prepaid insurance	<u>27,606.40</u>	<u>13,247.72</u>
 Total Current Assets	 9,102,678.99	 8,686,907.21
Noncurrent Assets		
Net pension asset	225,587.00	-
Restricted Cash	1,300,647.54	1,051,276.40
Capital assets, net of accumulated depreciation	<u>55,734,515.38</u>	<u>52,670,141.81</u>
 Total Noncurrent Assets	 <u>57,260,749.92</u>	 <u>53,721,418.21</u>
 TOTAL ASSETS	 66,363,428.91	 62,408,325.42
<u>DEFERRED OUTFLOWS</u>		
Deferred outflows of resources related to pensions	<u>243,959.00</u>	<u>189,244.00</u>
TOTAL DEFERRED OUTFLOWS	<u>243,959.00</u>	<u>189,244.00</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS	 <u>\$ 66,607,387.91</u>	 <u>\$ 62,597,569.42</u>

See notes to the financial statements

Airport Authority for Airport District #1 of
Calcasieu Parish - Lake Charles, Louisiana

STATEMENTS OF NET POSITION

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	\$ 231,821.90	\$ 270,775.82
Construction contract payable	319,473.00	380,679.34
Payable from restricted assets:		
Customer facility charges	71,250.00	-
Payroll taxes and benefits	32,518.22	27,933.52
Deduction from advalorem taxes for retirement system	<u>30,312.62</u>	<u>29,567.68</u>
Total Current Liabilities	685,375.74	708,956.36
Noncurrent Liabilities		
OPEB liability	649,158.00	636,163.00
Net pension liability	<u>-</u>	<u>5,789.00</u>
Total Noncurrent Liabilities	<u>649,158.00</u>	<u>641,952.00</u>
TOTAL LIABILITIES	1,334,533.74	1,350,908.36
<u>DEFERRED INFLOWS</u>		
Deferred inflows of resources related to pensions	469,485.00	272,227.00
Deferred inflows of resources related to OPEB	<u>5,241.00</u>	<u>174,095.00</u>
TOTAL DEFERRED INFLOWS	474,726.00	446,322.00
<u>NET POSITION</u>		
Net investment in capital assets	55,415,042.38	52,289,462.47
Restricted for PFC projects	446,641.66	239,833.34
Restricted for CFC projects	858,452.57	851,500.20
Unrestricted	<u>8,077,991.56</u>	<u>7,419,543.05</u>
TOTAL NET POSITION	<u>64,798,128.17</u>	<u>60,800,339.06</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	<u>\$ 66,607,387.91</u>	<u>\$ 62,597,569.42</u>

See notes to the financial statements

Airport Authority for Airport District #1 of
Calcasieu Parish - Lake Charles, Louisiana
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenues		
Rental income	\$ 1,257,657.73	\$ 1,058,960.96
Landing fees	58,345.09	21,734.70
Miscellaneous	19,165.50	13,304.27
Total operating revenues	<u>1,335,168.32</u>	<u>1,093,999.93</u>
Operating expenses		
Salaries and benefits	1,172,565.23	1,556,529.42
Contractual services	849,899.71	819,169.63
Repairs and maintenance	518,646.02	1,587,580.67
Office expense	39,232.31	34,732.38
Utilities and telephone	188,838.23	140,987.40
Security	192,683.04	192,683.04
Insurance	280,641.26	146,660.40
Depreciation	2,742,602.41	2,687,294.11
Other	135,628.59	23,822.54
Total operating expenses	<u>6,120,736.80</u>	<u>7,189,459.59</u>
Operating income (loss)	<u>(4,785,568.48)</u>	<u>(6,095,459.66)</u>
Nonoperating revenues (expenses)		
Interest	1,889.97	5,310.15
Ad Valorem tax	1,001,293.16	839,298.72
State revenue sharing	13,048.91	12,993.19
Grants		
Maintenance reimbursement	18,405.65	135,511.82
Security reimbursement	41,150.00	25,155.00
Operating expense reimbursement	3,174,760.63	3,219,426.75
Rental tax	37,304.76	27,341.63
Federal Emergency Management Agency	26,437.47	-
Passenger facility charges	223,503.07	151,273.12
Customer facility charges	308,696.00	259,340.00
Net gain from hurricane insurance claims	1,085,587.05	1,869,489.50
Engineering and professional fees	(147,159.22)	(118,146.27)
Ad Valorem tax deduction	(30,312.62)	(29,567.68)
Total nonoperating revenues (expenses)	<u>5,754,604.83</u>	<u>6,397,425.93</u>
Other revenues		
Capital grants	<u>3,028,752.76</u>	<u>1,227,341.43</u>
Increase (decrease) in net position	3,997,789.11	1,529,307.70
Net position, beginning of year	<u>60,800,339.06</u>	<u>59,271,031.36</u>
Net position, end of year	<u>\$ 64,798,128.17</u>	<u>\$ 60,800,339.06</u>

See notes to the financial statements

Airport Authority for Airport District #1 of
Calcasieu Parish - Lake Charles, Louisiana

STATEMENTS OF CASH FLOWS

For the Years Ended December 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from charges	\$ 1,207,998.48	\$ 1,165,104.11
Cash received from Ad Valorem taxes	869,997.93	857,152.99
Cash received from grants	2,639,544.80	2,447,302.81
Cash payments to suppliers for goods and services	(2,263,662.88)	(2,787,294.25)
Cash payments to employees for services	(1,414,672.53)	(1,363,177.26)
Net cash provided (used) by operating activities	1,039,205.80	319,088.40
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(5,826,722.82)	(1,889,742.01)
Funds paid for engineering and professional fees	(147,159.22)	(118,146.27)
Funds (paid) received for refundable deposits	-	(4,000.00)
Cash received from sale of fixed assets	2,384.00	-
Insurance proceeds received	4,531,550.58	41,160.00
Cash received from Federal Emergency Management Agency	26,437.47	-
Funds paid for hurricane impairment	-	(343,048.20)
Cash received from capital grants	2,802,829.12	1,484,815.46
Cash received from customer facility charges	296,651.00	284,070.00
Cash received from passenger facility charges	199,908.52	179,682.51
Rental tax received	37,304.76	27,341.63
State revenue sharing received	8,698.46	17,315.17
Net cash provided (used) by capital and related financing activities	1,931,881.87	(320,551.71)
Cash flows from investing activities:		
Interest on investments	1,889.97	5,310.15
Net cash provided by investing activities	1,889.97	5,310.15
Net increase (decrease) in cash and cash equivalents	2,972,977.64	3,846.84
Cash and cash equivalents, beginning of year	2,497,232.80	2,493,385.96
Cash and cash equivalents, end of year - (including restricted cash of \$1,300,648 and \$1,051,276 in 2021 and 2020)	\$ 5,470,210.44	\$ 2,497,232.80

See notes to the financial statements

Airport Authority for Airport District #1 of
Calcasieu Parish - Lake Charles, Louisiana

STATEMENTS OF CASH FLOWS

For the Years Ended December 2021 and 2020

Reconciliation of operating income to net
cash provided by operating activities:

	<u>2021</u>	<u>2020</u>
Operating income (loss)	\$ (4,785,568.48)	\$ (6,095,459.66)
Depreciation	2,742,602.41	2,687,294.11
Nonoperating Ad Valorem taxes	869,997.93	857,152.99
Cash received from grants	2,639,544.80	2,447,302.81
Changes in assets and liabilities:		
(Increase) decrease in trade accounts receivable	(127,169.84)	71,104.18
(Increase) decrease in prepaid expense	(4,781.12)	(676.73)
(Increase) decrease in prepaid insurance	(14,358.68)	(601.68)
Increase (decrease) in accounts payable	(38,953.92)	159,620.22
Increase (decrease) in taxes and benefits payable	2,584.70	16,997.16
Increase (decrease) in accrued OPEB liability	(155,859.00)	176,322.00
Increase (decrease) in accrued net pension liability	(88,833.00)	33.00
Total adjustments	<u>5,824,774.28</u>	<u>6,414,548.06</u>
Net cash provided (used) by operating activities	<u>\$ 1,039,205.80</u>	<u>\$ 319,088.40</u>

See notes to the financial statements

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE A. ORGANIZATION

Airport Authority for Airport District #1 of Calcasieu Parish (the Authority) was created by the Calcasieu Parish Police Jury as provided by Revised Statutes 2:602. The Authority is governed by a board of five commissioners who, along with the Airport Manager, establish regulations governing the maintenance and operations of the facilities of the Lake Charles Regional Airport.

The financial statements of the Authority will be included in the Calcasieu Parish Police Jury's financial reporting as a discretely presented component unit. In determining the financial reporting entity, the Authority complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity." As a discretely presented component unit, the Authority is a separate legal entity, but the Police Jury has an oversight relationship with the Authority. The accompanying statements present only the transactions of the Authority and have been prepared in conformity with the Government Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

1. Basis for Accounting

The measurement focus is on the flow of economic resources and the accrual basis of accounting; whereby revenues are recognized when earned and expenses are recorded when incurred.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

2. Budget Policy

A proposed budget is prepared and submitted to the Board of Commissioners prior to the beginning of each year. A budget summary and notice of public hearing is published with the public hearing being conducted prior to the commencement of the budget year.

The annual operating budget prepared on the accrual basis of accounting, covers all Authority activities. At the end of the fiscal year unexpended appropriations automatically lapse.

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3. Capital Assets and Depreciation

Property and equipment are stated at actual or estimated historical cost, net of accumulated depreciation. The Authority generally capitalizes assets with a cost of \$2,500 or more. Depreciation is computed on a straight-line method over the estimated useful lives as follows:

	<u>Years</u>
Building and improvements	30-40
Land improvements	10-40
Machinery and equipment	3-10
Furniture and fixtures	5-10

4. Operating Revenues and Expenses

The Authority distinguishes between operating and nonoperating revenues and expenses in its Statement of Revenues, Expenses, and Changes in Net Position. For this purpose, all revenues generated by operations at the airport are reported as operating revenues. Operating expenses include all costs of operating the airport. As a result, nonoperating revenues and expenses include all investing and financing transactions, including passenger and customer facilities charges required to be used to finance the capital structure of the Authority. Ad valorem taxes and certain grants dedicated to airport operation are also reported as nonoperating revenues. However, these revenues are reported as a source of operating cash flows in the Statement of Cash Flows based on GASB Statement 9.

5. Rental Income

The Authority leases its property to commercial airlines, car rental companies, concessionaires, fixed base operators who service the airline industry, the FAA, and others. A significant portion of these leases are non-cancelable operating leases. The car rental companies pay rent of 10% of monthly gross revenue with a \$2,000 minimum monthly lease amount.

On August 27, 2020, various leased assets were significantly damaged by Hurricane Laura. Due to the damage, the cost of leased assets was reduced by a net book value of \$866,625. The cost of leased building property is \$2,262,069 and the amount of accumulated depreciation as of December 31, 2021 was \$1,173,809. Contingent rentals received for the year ended December 31, 2021 and 2020 were \$426,741 and \$270,216, respectively.

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Minimum rentals on non-cancelable operating leases for the next five years are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 726,669
2023	586,557
2024	419,871
2025	185,582
2026	<u>122,231</u>
	<u>\$2,040,910</u>

6. Accounts Receivable

Accounts receivable represents amounts due from various Federal and State Agencies and customers and is deemed to be fully collectible by management. Insurance proceeds receivable are based on estimated recovery amounts, but the final potential settlement has not yet been determined.

7. Statement of Cash Flows

For purposes of reporting cash flows all highly liquid investments (including restricted assets) with a maturity of three months or less are considered to be cash equivalents.

8. Use of Estimates

The financial statements are prepared in conformity with generally accepted accounting principles and, accordingly, include amounts that are based on management's best estimates and judgments. Actual results could differ from these estimates.

NOTE C. CASH

Under Louisiana Revised Statutes 39:1225, the Authority may deposit funds in demand deposit accounts, interest bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks, organized under Louisiana Law and National Banks having a principal office in Louisiana. Additionally, Louisiana statutes allow the Authority to invest in United States Treasury obligations, obligations issued or guaranteed by the United States government or federal agencies, and mutual or trust funds register with the Securities and Exchange Commission which have underlying investments consisting solely of and limited to the United States government or its agencies.

In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE C. CASH – Continued

At December 31, 2021, the Authority had cash and cash equivalents (book balances) totaling \$5,470,210. Of that balance, \$1,300,648 is included in Restricted Cash.

At December 31, 2020, the Authority had cash and cash equivalents (book balances) totaling \$2,497,233. Of that balance, \$1,051,276 is included in Restricted Cash.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held by the pledging financial institution's trust department or agent, in the Authority's name.

Custodial Credit Risk is the risk that in the event of bank failure, the Authority's deposits may not be returned. The Authority deposits its cash with high quality financial institutions, and management believes the Authority is not exposed to significant credit risk.

At December 31, 2021, the Authority had \$5,566,781 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$5,423,117 of pledged securities held in a custodial bank in the Authority's name.

At December 31, 2020, the Authority had \$2,922,262 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$2,726,593 of pledged securities held in a custodial bank in the Authority's name.

Interest Rate Risk is the risk that changes in the interest rate will adversely affect the fair value of the investment. At December 31, 2021 and 2020, the Authority did not have investments in any debt instruments.

NOTE D. PENSION PLAN
Parochial Employees' Retirement System
Plan Description

The Parochial Employees' Retirement System of Louisiana (System) is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was originally established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana.

The System provides retirement benefits to employees of any parish within the State of Louisiana or any governing body or a parish which employs and pays persons serving the parish. Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The Authority is a participating member of Plan A.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE D. PENSION PLAN – Continued

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Eligibility Requirements

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System.

Retirement Benefits

Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

Any member of Plan B can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Age 55 with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

Generally, the monthly amount of the retirement allowance of any member of Plan A and Plan B shall consist of an amount equal to three percent and two percent, respectively, of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE D. PENSION PLAN – Continued

Survivor Benefits

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes. Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage, if the remarriage occurs before age 55.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

Deferred Retirement Option Plan

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Airport Authority for Airport District #1 of Calcasieu Parish
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NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE D. PENSION PLAN - Continued

Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty for those members who are enrolled prior to January 1, 2007 and to age 62 for those members who are enrolled January 1, 2007 and later.

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final average compensation multiplied by his years of service, to age sixty for those members who are enrolled prior to January 1, 2007 and to age sixty-two for those members who are enrolled January 1, 2007 and later.

Cost of Living Increases

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Employer Contributions

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2020, the actuarially determined contribution rate was 11.11% of member's compensation for Plan A and 7.39% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2021 was 12.25% for Plan A and 7.50% for Plan B. The actual rate for the fiscal year ending December 31, 2020 was 12.25% for Plan A and 7.50% for Plan B.

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE D. PENSION PLAN - Continued

According to state statute, the System also receives ¼ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member’s compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

The payroll for the Authority employees covered by the system for the year ended December 31, 2021 and 2020 was \$874,093 and \$852,277; the Authority’s total payroll and accrued benefits for 2021 and 2020 was \$1,417,257 and \$1,401,720, respectively. The Authority contributed \$107,076 and \$104,404 to the system during the years 2021 and 2020. As of December 31, 2021, the total amount owed to the Parochial Retirement System was \$22,998 for December contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the Authority reported overfunding of \$225,587 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer’s proportionate share of the pension amounts.

The allocation method used in determining each employer’s proportion was based on the employer’s projected contribution effort to the plan. The employers’ contribution effort was actuarially determined by the System’s actuary.

For the year ended December 31, 2021, the Authority recognized pension expense of \$18,243. At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 54,923	\$ 26,925
Net difference between projected and actual earnings on pension plan investments	-	440,281
Changes in assumptions	73,805	-
Differences between Authority contributions and proportionate share of contributions	8,155	2,279
Authority contributions made subsequent to the measurement date	107,076	-
Total	\$243,959	\$469,485

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE D. PENSION PLAN - Continued

The Authority's contributions during the year ended December 31, 2021, reported as deferred outflows, of \$107,076 subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2022	\$ (92,014)
2023	(30,875)
2024	(137,787)
2025	(71,926)
2026	-
Thereafter	-

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2021 are as follows:

Valuation Date	December 31, 2020
Actuarial Cost Method	Plan A - Entry Age Normal Plan B - Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.40%, net of investment exp, with inflation
Increases	Plan A - 4.75% (2.30% Inflation, 2.45% Merit) Plan B - 4.25% (2.30% Inflation, 1.95% Merit)
Mortality Rates:	
Employees:	Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.
Annuitants and beneficiaries:	Pub-2010 Public Retirement Plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.
Disabled retirees:	Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females each with full generational projection using the MP2018 scale.

Airport Authority for Airport District #1 of Calcasieu Parish
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NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE D. PENSION PLAN - Continued

Expected Remaining
Service Lives

4 years

Cost of Living Adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.

The discount rate used to measure the total pension liability was 6.40% for Plan A and Plan B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.00% for the year ended December 31, 2020.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed income	33%	0.86%
Equity	51%	3.36%
Alternatives	14%	0.67%
Real assets	2%	0.11%
Totals	<u>100%</u>	<u>5.00%</u>
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Return		<u>7.00%</u>

Airport Authority for Airport District #1 of Calcasieu Parish
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NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE D. PENSION PLAN – Continued

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. In addition, mortality for annuitants and beneficiaries was set equal to Pub-2010 Public Retirement Plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. For Disabled annuitants mortality was set to Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females each with full generational projection using the MP2018 scale.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability/asset of the participating employers calculated using the discount rate of 6.40%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.40%) or one percentage point higher (7.40%) than the current rate.

1% Decrease	Current Discount Rate	1% Increase
5.40%	6.40%	7.40%
Net Pension Liability	Net Pension Asset	Net Pension Asset
\$472,990	\$(225,587)	\$(810,631)

Retirement System Audit Report

The Parochial Employees' Retirement System of Louisiana has issued a stand-alone audit report on their financial statements for the year ended December 31, 2020. Access to the report can be found on the Louisiana Legislative Auditor's website, www.la.la.gov.

Airport Authority for Airport District #1 of Calcasieu Parish
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NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE E. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

In 2018, the Calcasieu Parish Police Jury (Parish) implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB). This Statement addresses the fact that certain postemployment benefits other than pensions, which for the Parish consist of healthcare benefits only, are related to employee services and salaries received presently but that will benefit the employee in the future – upon retirement – and whose costs will be borne by the Parish in the future. The Statement also attempts to quantify the future “retirement” costs that have been earned by the employee during his/her active years of employment. The Parish will finance the postemployment benefits on a “pay-as-you-go” basis. GASB Statement 75 requires that the liability be recognized in the financial statements for the actuarial determined portion of the projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service. The notes to the financial statements contain other required disclosure information from GASB Statement 75.

The Parish contracted with a third-party consultant to perform the actuarial valuation required by GASB Statement No. 75 as of January 1, 2020 with a measurement date of December 31, 2020. For the Parish plan, the actuarial valuation is required every other year, therefore, the actuarial valuation prepared will be utilized for the two-year periods of 2020 and 2021 with the inclusion of the appropriate second year adjustments. The 2020 valuation included a change in assumption for a decrease in the discount rate (described in the table below).

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future.

Plan Description: The Parish OPEB Plan is a single employer defined benefit “substantive” plan as understood by the employer and its employees. All of the employees of the Parish primary government and the following discretely presented component units may at their option participate in the employee’s group health, dental, and life insurance programs sponsored and administered by the Parish in conjunction with its third-party insurance providers and administrative agents:

Airport Authority for Airport District #1 of Calcasieu Parish
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NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE E. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – Continued

14 th Judicial District Attorney	Gravity Drainage Dist. No. 2 of Ward 7
Calcasieu Parish Coroner	Gravity Drainage Dist. No. 8 of Ward 1
Community and Playground District No. 4 of Ward 1	Gravity Drainage Dist. No. 6 of Wards 5 & 6
Sulphur Parks and Recreation	Gravity Drainage Dist. No. 9 of Ward 2
Airport Authority Dist. No. 1	Recreation District No. 5 of Ward 4
Fire Protection Dist. No. 1 of Ward 1	Recreation District No. 7 of Ward 8
Fire Protection Dist. No. 2 of Ward 4	Waterworks Dist. No. 1 of Ward 3
Fire Protection Dist. No. 1 of Ward 6	Waterworks Dist. No. 1 of Ward 4
Fire Protection Dist. No. 2 of Ward 8	Waterworks Dist. No. 10 of Ward 7
Calcasieu Parish Communications District	Waterworks Dist. No. 9 of Ward 4
14 th Judicial District Criminal Court Fund	Waterworks Dist. No. 7 of Wards 6 & 4
Consolidated Gravity Drainage District #1 (West)	Waterworks Dist. No. 14 of Ward 5
Consolidated Gravity Drainage District #2 (East)	Waterworks Dist. No. 11 of Wards 4 & 7
Gravity Drainage Dist. No. 4 of Ward 3	West Calcasieu Community Center

While there is no specific written plan for the Parish OPEB plan alone and therefore no separate annual report is issued, the Parish has reported this plan information based on communications to plan members via the written health plan maintained by the Parish. Any amendments to the general health plan as related to types of benefits offered are required to be approved by Parish management before being distributed to Plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided: The Parish OPEB Plan provides health (medical and prescription), dental and life insurance programs for retirees and their dependents. Medical coverage, including prescription drugs as part of the medical plan, is offered to pre-65 and post-65 retirees on a self-insured basis. Benefits are subsidized by the Parish. Dental and life insurance coverage are available to retirees, but these coverages are not subsidized by the Parish. The Parish does not reimburse for Medicare Part B or Part D premium for Medicare eligible retirees and dependents.

Employees Covered: Employees who have twenty (20) years of cumulative service at retirement will be eligible for the above referenced retiree benefits if hired after January 1, 2007. Employees hired prior to January 1, 2007 must have ten (10) years of cumulative service to be eligible for any retiree benefits. Retirees are required to contribute one hundred percent (100%) of the monthly retiree premium for benefits elected.

Airport Authority for Airport District #1 of Calcasieu Parish
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NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE E. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – Continued

At December 31, 2021, the following employees were covered by the benefit terms:

	<u>Parish</u>	<u>Authority</u>
Active Employees	1,095	14
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	149	2
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	—	—
 Total Covered Employees	<u>1,244</u>	<u>16</u>

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, the actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability for the January 1, 2021 actuarial valuation, with a measurement date of December 31, 2021, were determined using the following actuarial assumptions and other inputs, unless otherwise specified:

Inflation Rate	Not utilized by the actuary – see discount rate information.
Discount Rate	2.05% using an average of following three 20-year bond indices and rounded to the nearest 0.1%: (a) Bond Byer 20 Bond GO – 2.06%, (b) S&P Municipal Bond 20 Year High Grade Rate Index – 2.25%, and (c) Fidelity GA AA 20 Years – 1.84%. The discount rate of 2.05% was increased from 2.02% utilized in 2020.
Healthcare Cost Trend Rates	8% for pre-65 and post 65 retirees decreasing .25% per year to an ultimate rate of 4.5% in 2032 and later. The healthcare rate of 8% increased from 7% in 2019
Salary Increases	3.5%
Cost of Living Increases	Not applicable
Mortality Rate Table Used for Current Valuation	The RP 2014 Healthy Male and Female Tables based on the Employee and Healthy Annuitant Tables for both pre and post retirement with mortality improvement using the most current Society of Actuaries Mortality Improvement Scale MP-2019.

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE E. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – Continued

Changes in the Total OPEB Liability: The following table shows the components of the Parish’s total OPEB liability for the current year:

	Governmental Activities	Total Primary Government	Parish Plan Component Units	Total OPEB Plan
Total OPEB Liability at Beginning of Year	\$40,672,414	\$40,672,414	\$17,065,971	\$57,738,385
Current Period Changes:				
Service Cost	353,300	353,300	208,252	561,552
Interest on Total OPEB Liability	820,835	820,835	345,843	1,166,678
Differences Between Expected and Actual Experience	-	-	-	-
Changes in Assumptions**	(264,340)	(264,340)	(129,895)	(394,235)
Benefit Payments	(1,263,205)	(1,263,205)	(391,326)	(1,654,531)
Net Change in Total OPEB Liability	(353,410)	(353,410)	32,874	(320,536)
Total OPEB Obligation at End of Year – Measurement Date	\$40,319,004	\$40,319,004	\$17,098,845	\$57,417,849

** Changes in assumptions reflect a increase of .03% in the discount rate from 2.02% for 2020 to 2.05% for 2021

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.05%) or one percentage point higher (3.05%) than the current discount rate of 2.05%:

	1% Decrease (1.05%)	Discount Rate (2.05%)	1% Increase (3.05%)
Total OPEB Liability Parish	\$72,549,448	\$57,417,849	\$46,795,112
Total OPEB Liability Authority	\$819,809	\$649,158	\$528,785

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6%) or one percentage point higher (8%) than the current healthcare cost trend rate of 7%:

	1% Decrease (6%)	Healthcare Cost Trend Rate (7%)	1% Increase (8%)
Total OPEB Liability Parish	\$46,443,522	\$57,417,849	\$73,953,959
Total OPEB Liability Authority	\$524,812	\$649,158	\$835,680

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE E. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – Continued

Changes to the Total OPEB Liability. The following shows the components of the Authority's annual allocation of OPEB costs for the current year:

Net OPEB Obligation at December 31, 2020	\$ 636,163
Current Period Changes:	
Service Cost	9,865
Interest on Total OPEB Liability	13,001
Differences Between Expected and Actual Experience	-
Changes in Assumptions	(5,903)
Benefit Payments	(3,968)
Net Change in Total OPEB Liability	12,995
Net OPEB Obligation at December 31, 2021	\$ 649,158
Airport Authority's Proportionate Percentage of Total Parish OPEB Obligation	1.13%
Change in Authority's OPEB Obligation Since the Prior Measurement Date	0.03%

Summary of Deferred Inflows and Outflows:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between actual and expected experience	\$ -	\$ -
Net difference between expected and actual earnings	-	-
Impact due to changes in assumptions	-	<u>5,241</u>
Total	<u>\$ -</u>	<u>\$ 5,241</u>

Amortization of impact due to changes in assumptions is over 10 years or \$(524) per year.

NOTE F. ANNUAL AND SICK LEAVE

Permanent employees earn one to six weeks of annual leave and two to six weeks of sick leave each year depending on length of service with the Authority. A maximum of fifteen days of annual leave may be accumulated and carried forward without limitation. Upon termination, employees are paid for unused annual leave only.

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE G. AD VALOREM TAXES

For the year ended December 31, 2021 taxes of .59 mills were levied on property with taxable assessed valuations of \$1,612,923,250 and were dedicated to the operation and maintenance of the Airport.

Property tax millage rates are adopted on a 10-year basis. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year and become delinquent after December 31. Property taxes not paid by the end of February are subject to lien. A renewal election was held and passed in April 2014 to levy a .63 millage beginning in 2015 and expiring in 2024.

NOTE H. RESTRICTED ASSETS

Assets required to be held and/or used as specified in contractual agreements have been reported as Restricted Assets. Restricted Assets at December 31, 2021, consisted of the following:

	<u>Total</u>
Passenger Facility Charge Funds	\$ 446,642
Customer Facility Charge Funds	<u>858,453</u>
Total Restricted Assets	<u>\$1,305,095</u>

NOTE I. PASSENGER FACILITY CHARGE

Beginning in 2001, Passenger Facility Charges at the rate of \$3 per enplaned passenger had been levied by the Authority under Federal Aviation Administration (FAA) approved applications to use for airport improvements. Beginning in 2005, the passenger rate was approved to be increased to \$4.50 per enplaned passenger. As of December 31, 2021, the total of approved applications are \$4,557,531. Since 2001 a total of \$3,734,132 has been spent in PFC funds for airport improvements.

Total PFC revenues, including interest, remitted to the Authority for the years ended December 31, 2021 and 2020 were \$223,659 and \$151,273, respectively. During the year ended December 31, 2021 a total of \$16,850 was spent on PFC projects, leaving a balance of \$446,642 of PFC funds available and restricted for future PFC projects (Note H).

NOTE J. CUSTOMER FACILITY CHARGE

Beginning in August 2009, in accordance with each rental car concession agreement, a Customer Facility Charge (CFC) of \$3 per day shall be levied on each rental car contract entered into at the Airport by lessee. On June 1, 2015, the CFC of \$3 per day was increased to \$5 per day. Lessee agrees to collect said CFC and remit the collection to the Airport Authority separate and apart from other rents and fees once per month. CFC revenue will be used by the Airport to accomplish improvements that benefit the rental car customers and concessionaries. CFC revenue for the years ending December 31, 2021 and 2020 were \$308,696 and \$259,340, respectively. During the year ended December 31, 2021, \$306,816 was spent on CFC projects, leaving a balance of \$858,453 for future CFC projects (Note H).

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE K. CAPITAL ASSETS

Capital assets consist of the following:

	Balance <u>12/31/20</u>	Additions	Disposals	Balance <u>12/31/21</u>
Land	\$ 4,028,498	\$ -	\$ -	\$ 4,028,498
Buildings & Improvements	38,371,913	2,075,306	-	40,447,219
Land Improvements	34,999,406	1,925,869	-	36,925,275
Machinery & Equipment	4,391,750	317,688	(11,597)	4,697,841
Furniture & Fixtures	763,245	1,108,845	-	1,872,090
Software	115,980	83,417	-	199,397
Construction in progress	<u>3,123,328</u>	<u>2,769,324</u>	<u>(2,471,251)</u>	<u>3,421,401</u>
	85,794,120	8,280,449	(2,482,848)	91,591,721
Less accumulated depreciation:				
Buildings & Improvements	9,820,449	857,787	-	10,678,236
Land Improvements	19,736,116	1,484,776	-	21,220,892
Machinery & Equipment	2,866,091	329,196	(9,375)	3,185,912
Furniture & Fixtures	602,726	49,747	-	652,473
Software	<u>98,596</u>	<u>21,097</u>	<u>-</u>	<u>119,693</u>
	<u>33,123,978</u>	<u>2,742,603</u>	<u>(9,375)</u>	<u>35,857,206</u>
Net capital assets	<u>\$52,670,142</u>	<u>\$ 5,537,846</u>	<u>\$ (2,473,473)</u>	<u>\$55,734,515</u>

NOTE L. COMMITMENTS AND CONTINGENCIES

The Airport participates in a number of federal financial assistance programs. Although the grant programs have been audited, these programs are still subject to financial and compliance audits by governmental agencies.

The Authority is subject to pending claims and litigation which arise primarily in the ordinary course of business. The Authority does not anticipate any losses with respect to such pending claims and litigation as of December 31, 2021. The total legal fees paid during the year ending December 31, 2021 defending pending claims and litigation were \$115,651. The Authority settled a pending claim during 2021 for \$85,509.

On a continuing basis, the Authority enters into construction contracts for improvements to the airport. At December 31, 2021, work was in progress for the improvements as follows:

	<u>Budget</u>	<u>Expended to date</u>	<u>Committed</u>
Passenger Loading Bridge	\$2,222,222	\$2,004,716	\$217,506
Runway Rehabilitation	2,500,000	8,960	2,491,040
Apron Lighting	471,745	20,400	451,345
Obstruction Removal Project	688,750	565,783	122,967

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE L. COMMITMENTS AND CONTIGENCIES – Continued

In August 2020, Hurricane Laura inflicted extensive damage to the Airport. The Airport is in the process of restoring the facilities and has incurred significant costs which are expected to be partially reimbursed by their commercial property insurance policy, the Louisiana Department of Transportation and Development, and the Federal Emergency Management Agency (FEMA). The Airport has filed an insurance claim and has approved insurance reimbursements of \$6,297,591, net of their deductible of \$624,526. Grant operating expense reimbursement revenues include \$368,813 and \$382,785 from the Department of Transportation and Development related to hurricane repairs for the years ending December 31, 2021 and 2020. The Airport is undertaking efforts to obtain additional insurance reimbursements from the hurricane damages, but the final potential settlement has not yet been determined.

The restorative efforts of the remaining damages to the facilities are considered repairs and expensed as incurred. Restorative expenditures included in repairs expense total \$202,602 and \$1,283,600 for the years ended December 31, 2021 and 2020. Restorative expenditures included in contractual services expense total \$120,898 and \$318,851 for the years ended December 31, 2021 and 2020.

During 2021, the Airport completed \$2,689,437 in capital asset replacement costs to the facilities and had \$234,960 in construction in progress. Additional estimated costs to completely restore the facilities could range from \$1,000,000 to \$1,500,000.

The Airport is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Airport maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Airport. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The Airport did not reduce insurance coverage during 2021.

NOTE M. LONG-TERM LIABILITIES

	Beginning of Year	Additions	Reductions	End of Year	Amounts Due Within One Year
Net Pension Liability (Asset)	\$ 5,789	\$ -	\$ (231,376)	\$(225,587)	\$ -
OPEB Liability	636,163	16,963	(3,968)	649,158	-

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year ended December 31, 2021

Federal Grantor/Pass-through <u>Grantor/Program Title</u>	Federal CFDA <u>Number</u>	Federal <u>Expenditures</u>
U. S. Department of Transportation Federal Aviation Administration Airport Improvement Program	20.106*	\$1,779,545
COVID-19 Airport Improvement Program	20.106*	<u>3,090,419</u>
Total Airport Improvement Program		4,869,964
U. S. Department of Transportation Office of Aviation Analysis Small Community Air Service Development Program (SCASDP)	20.930	90,855
Federal Emergency Management Agency Passed through the Louisiana Office of Homeland Security and Emergency Preparedness Hurricane Laura Recovery Program	97.036	26,437
US Department of Homeland Security Transportation Security Administration Law Enforcement Personnel Reimbursement Agreement	97.090	<u>41,150</u>
 Total expenditures of federal awards		 <u>\$5,028,406</u>

* Major Program

See accompanying notes to schedule of expenditures of federal awards

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year ended December 31, 2021

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Airport Authority for Airport District #1 of Calcasieu Parish (the Authority) under programs of the federal government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Authority has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

For the Year ended December 31, 2021

AGENCY HEAD NAME: HEATH ALLEN, EXECUTIVE DIRECTOR

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$160,875
Benefits	
Insurance	13,380
Retirement	19,707
Car Allowance	12,000
Phone Allowance	900
Per Diem	1,648
Conference registration and related travel	<u>11,492</u>
TOTAL	<u><u>\$220,002</u></u>

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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*

Board of Commissioners
Airport Authority for Airport District #1
of Calcasieu Parish, component unit of
the Calcasieu Parish Police Jury
Lake Charles, 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 *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Airport Authority for Airport District #1 of Calcasieu Parish, component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2021, and the related notes to the financial statements, and have issued our report thereon dated May 13, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport Authority for Airport District #1 of Calcasieu Parish, component unit of Calcasieu Parish Police Jury'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 Airport Authority for Airport District #1 of Calcasieu Parish, component unit of Calcasieu Parish Police Jury's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport Authority for Airport District #1 of Calcasieu Parish, component unit of Calcasieu Parish Police Jury'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 a 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 Airport Authority for Airport District #1 of Calcasieu Parish, component unit of Calcasieu Parish Police Jury's financial statements are free from 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.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
May 13, 2022

STEVEN M. DEROUEN & ASSOCIATES, LLC

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Airport Authority for Airport District #1
of Calcasieu Parish, component unit of
the Calcasieu Parish Police Jury
Lake Charles, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Airport Authority for Airport District #1 of Calcasieu Parish, component unit of the Calcasieu Parish Police Jury's compliance with the types of compliance requirements identified as subject in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2021. Airport Authority for Airport District #1 of Calcasieu Parish, component unit of the Calcasieu Parish Police Jury's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Airport Authority for Airport District #1 of Calcasieu Parish, component unit of the Calcasieu Parish Police Jury complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Airport Authority for Airport District #1 of Calcasieu Parish, component unit of the Calcasieu Parish Police Jury, 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 Airport Authority for Airport District #1 of Calcasieu Parish, component unit of the Calcasieu Parish Police Jury'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 Airport Authority for Airport District #1 of Calcasieu Parish, component unit of the Calcasieu Parish Police Jury'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 Airport Authority for Airport District #1 of Calcasieu Parish, component unit of the Calcasieu Parish Police Jury'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 generally accepted auditing standards, *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 Airport Authority for Airport District #1 of Calcasieu Parish, component unit of the Calcasieu Parish Police Jury's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Airport Authority for Airport District #1 of Calcasieu Parish, component unit of the Calcasieu Parish Police Jury'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 Airport Authority for Airport District #1 of Calcasieu Parish, component unit of the Calcasieu Parish Police Jury'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 Airport Authority for Airport District #1 of Calcasieu Parish, component unit of the Calcasieu Parish Police Jury'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.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
May 13, 2022

**Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Section I – Summary of Auditor’s Results
December 31, 2021**

Financial Statements

Type of auditor’s report issued				Unmodified
Internal control over financial reporting:				
Material weaknesses identified?	___	Yes	___	No
Significant deficiencies identified not considered to be material weaknesses?	___	Yes	___	None reported
Noncompliance material to financial statements noted?	___	Yes	___	No

Federal Awards

Internal control over major programs:				
Material weaknesses identified?	___	Yes	___	No
Significant deficiencies identified not considered to be material weaknesses?	___	Yes	___	None reported
Type of auditor’s report issued on compliance for major programs:				Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	___	Yes	___	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.106	US Department of Transportation Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

**Airport Authority for Airport District #1 of Calcasieu Parish
Lake Charles, Louisiana**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Section II – Financial Statement Findings**

Current Audit

None

Prior Audit

None

SECTION III – Federal Awards Findings and Questioned Costs

The results of my tests disclosed no instances of non-compliance with the requirements applicable to each major federal program that are required to be reported in accordance with the Uniform Guidance.

AIRPORT AUTHORITY FOR AIRPORT DISTRICT #1
Lake Charles, Louisiana
Parochial Employees' Retirement System of Louisiana
Schedule of the Authority's Proportionate Share of the Net Pension Liability
For The Year Ended December 31, 2021

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Authority's proportion of the net pension liability (asset)	0.100%	0.099%	0.105%	0.115%	0.126%
Authority's proportionate share of the net pension liability (asset)	\$ 27,215	\$ 260,849	\$ 215,551	\$ (85,334)	\$ 559,491
Authority's covered-employee payroll	\$ 567,821	\$ 668,300	\$ 707,508	\$ 765,295	\$ 787,185
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	4.8%	39.03%	30.47%	-11.15%	71.07%
Plan fiduciary net position as a percentage of the total pension liability	99.14%	92.23%	94.15%	101.98%	88.86%
	<u>2020</u>	<u>2021</u>			
Authority's proportion of the net pension liability (asset)	0.123%	0.129%			
Authority's proportionate share of the net pension liability (asset)	\$ 5,789	\$ (225,587)			
Authority's covered-employee payroll	\$ 852,277	\$ 874,093			
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.68%	-25.81%			
Plan fiduciary net position as a percentage of the total pension liability	99.89%	104.00%			

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available. The amounts presented have a measurement date of the previous fiscal year.

The notes to financial statements are an integral part of this statement.

AIRPORT AUTHORITY FOR AIRPORT DISTRICT #1
Lake Charles, Louisiana
Parochial Employees' Retirement System of Louisiana
Schedule of the Authority's Contributions
For The Year Ended December 31, 2021

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 82,334	\$ 86,879	\$ 88,438	\$ 88,009	\$ 90,526
Contributions in relation to the contractually required contribution	\$ 82,334	\$ 86,879	\$ 88,438	\$ 88,009	\$ 90,526
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 567,821	\$ 668,300	\$ 707,508	\$ 765,295	\$ 787,185
Contributions as a percentage of covered-employee payroll	14.50%	13.00%	12.50%	11.50%	11.50%
	<u>2020</u>	<u>2021</u>			
Contractually required contribution	\$ 104,404	\$ 107,076			
Contributions in relation to the contractually required contribution	\$ 104,404	\$ 107,076			
Contribution deficiency (excess)	\$ -	\$ -			
Authority's covered-employee payroll	\$ 852,277	\$ 874,093			
Contributions as a percentage of covered-employee payroll	12.25%	12.25%			

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available. The amounts presented have a measurement date of the previous fiscal year.

The notes to financial statements are an integral part of this statement.

AIRPORT AUTHORITY FOR AIRPORT DISTRICT #1
Lake Charles, Louisiana

Schedule of Changes in Total OPEB Liability and Related Ratios
For The Year Ended December 31, 2021

<u>Financial statement reporting date</u>	<u>Measurement Date</u>	<u>Service Cost</u>	<u>Interest</u>	<u>Difference between actual and expected experience</u>	<u>Changes of assumptions or other inputs</u>	<u>Benefit payments</u>	<u>Net change in total OPEB liability</u>	<u>Total OPEB liability - beginning</u>	<u>Total OPEB liability - ending</u>	<u>Airport Authority Covered payroll</u>	<u>Airport Authority OPEB liability as a percentage of covered payroll</u>	<u>Proportionate Percentage of Collective Total OPEB Liability</u>
12/31/2018	12/31/2018	\$ 10,071	\$ 22,910	\$ -	\$ -	\$ 20,397	\$ 12,584	\$ 597,631	\$ 610,215	\$ 701,411	87.00%	1.50%
12/31/2019	12/31/2019	\$ 12,006	\$ 22,664	\$ -	\$ 176,791	\$ 10,949	\$ 200,512	\$ 610,215	\$ 810,727	\$ 795,087	101.97%	1.57%
12/31/2020	12/31/2020	\$ 9,557	\$ 16,332	\$ -	\$ (196,077)	\$ 4,376	\$ (174,564)	\$ 810,727	\$ 636,163	\$ 819,777	77.60%	1.10%
12/31/2021	12/31/2021	\$ 9,865	\$ 13,001	\$ -	\$ (5,903)	\$ 3,968	\$ 12,995	\$ 636,163	\$ 649,158	\$ 958,850	67.70%	1.12%

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefit Changes:

There were no changes of benefit terms for the year ended December 31, 2021.

The notes to financial statements are an integral part of this statement.

STEVEN M. DEROUEN & ASSOCIATES, LLC

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Member Louisiana Society of
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of Airport Authority for Airport District #1 of Calcasieu Parish and the Louisiana Legislative Auditor:

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, 2021 through December 31, 2021. Airport Authority for Airport District #1 of Calcasieu Parish's management is responsible for those C/C areas identified in the SAUPs.

Airport Authority for Airport District #1 of Calcasieu Parish 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, 2021 through December 31, 2021. 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 as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - 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.

- c) **Disbursements**, including processing, reviewing, and approving.
- 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 (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- 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.
- 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.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, 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 (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 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.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- 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.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

We performed the Information Technology Disaster Recovery/Business Continuity procedure 1k and discussed the results with management.

Exception (1l): The Sexual Harassment policy does not include (2) annual employee training and (3) annual reporting R.S. 42:342-344 requirements.

Board or Finance Committee

2. Obtain and inspect the board/finance committee 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/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance 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 unassigned fund balance in the general fund.

No exceptions were found as a result of these procedures.

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 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - 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 (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions were found as a result of these procedures.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
 - 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 (e.g., pre-numbered receipts) to the deposit.
 - 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.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Exception (6): The entity does not maintain a bond or insurance policy for theft covering all employees who have access to cash.

Exception (7d): Noted some deposits made beyond one business day of collection.

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 5 locations (or all locations if less than 5).
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 (if the agency has no written policies and procedures, inquire of employees about their 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.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - 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.
 - 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.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]
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 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Exception (9a): Noted some purchases do not require a second pre-purchase approval.

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

11. 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.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe 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 (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

No exceptions were found as a result of these procedures.

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

14. 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 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, observe 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).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe 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 (procedure #1h).
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were found as a result of these procedures.

Contracts

15. 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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were found as a result of these procedures.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

18. 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's 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.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions were found as a result of these procedures.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
 - a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions were found as a result of these procedures.

Debt Service

21. 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 State Bond Commission approval was obtained for each debt instrument issued.
22. 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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

These procedures are not applicable to the entity. The entity did not have any debt outstanding during 2021.

Fraud Notice

23. 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.

24. Observe 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.

Exception (24): Fraud notice is not posted on the entity's website.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed 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. If backups are stored on a physical medium (e.g., tapes, CDs), 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 observe evidence that the test/verification was successfully performed within the past 3 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 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the Information Technology Disaster Recovery/Business Continuity procedures and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
28. 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 it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- 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.

Exception (26): No sexual harassment training noted for the 5 randomly selected employees tested.

Exception (27): The entity's website does have posted the entity's sexual harassment policy and complaint procedure.

Exception (28a): The entity's employees have not completed the annual sexual harassment training.

Management's Responses

11 – The entity will update their sexual harassment policy to include the (2) annual employee training and (3) annual reporting R.S. 42:342-344 requirements.

6 – The entity will secure a bond or insurance policy for theft covering all employees who have access to cash.

7d – The entity will deposit all collections within one day of collection or as soon as possible.

9a – The entity employs an annual purchase order approval process whereby purchases under a specific dollar threshold do not require a second pre-purchase approval. Entity personnel are directed to compare purchases to annual purchase order documents.

24 – The entity will post the fraud notice on its website.

26, 28a – The entity will require all employees to complete one hour of sexual harassment training annually.

27 – The entity will post its sexual harassment policy and complaint procedure on its website.

We were engaged by Airport Authority for Airport District #1 of Calcasieu Parish 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 Airport Authority for Airport District #1 of Calcasieu Parish 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.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
June 1, 2022