

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

**ANNUAL FINANCIAL REPORT
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2017

LAFAYETTE REGIONAL AIRPORT

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Lafayette Airport Commission
Lafayette, Louisiana

Report on the Financial Statements

We have audited the accompanying basic financial statements of the business-type activities and the major fund of the Lafayette Regional Airport, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Lafayette Regional Airport's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of the Lafayette Regional Airport, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of December 31, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lafayette Regional Airport's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. The remaining supplementary information as listed in the table of contents is presented for purposes of additional analysis and is also not a required part of the financial statements. The accompanying schedule of passenger facility charges collected and expended is presented for purposes of additional analysis as specified in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration, and is also not a required part of the basic financial statements.

The supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the 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 supplemental information and the schedule of expenditures of federal awards is 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 24, 2018, on our consideration of the Lafayette Regional Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lafayette Regional Airport's internal control over financial reporting and compliance.

*Wright, Moore, DeHart,
Dupuis & Hutchinson*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, LLC
Certified Public Accountants

May 24, 2018
Lafayette, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (MD&A) provides an overview of the Lafayette Regional Airport's activities and financial performance for the fiscal year ended December 31, 2017.

AIRPORT ACTIVITIES & HIGHLIGHTS

- ➔ Lafayette Regional Airport's 2017 enplanements were a respectable 206,100 and deplanements were 205,718. In addition, Cargo operations at the airport continued to grow and increased from last year with over 26,767,075 lbs passing through the airport during 2017.
- ➔ As for flight loads, Delta flights to Atlanta lead the way with 80% of outgoing seats filled, followed by American Eagle flights to Dallas with nearly 70% and United flights to Houston with an average of 66.5% load factor in 2017. In addition, the Airport continues to work with other carriers to bring additional service to the Lafayette area.
- ➔ In December of 2014, the voters of Lafayette Parish approved a unique 1% Sales Tax that was collected for eight months in 2015 and dedicated to the construction of a new Airport Terminal. The tax and interest has generated just over \$33,500,000 as of the end of 2017 and will be used along with Federal and State grant monies to build the future Terminal. The Project Design and Management teams were chosen in 2016 and the final Terminal design was determined and approved as well. During 2017, the Construction Manager at Risk (CMAR) was also chosen and as of the end of 2017, the airport is waiting on the FAA's determination of an Environmental Assessment in order to continue to progress the project.
- ➔ The new Cargo Facilities project connected to the Cargo Apron on the southern end of the Airport property was substantially complete in December of 2016. Cargo operators Fedex and UPS moved into their new spaces in mid-2017 after installing their operating equipment. These tenant movements have allowed for the continued site preparations necessary for the construction of the new Terminal.
- ➔ In October of 2017, the Lafayette Airport Commission held its 27th Annual Aviation Fun Day at the Airport's Aircraft Rescue and Fire Fighting (ARFF) Facility. There were approximately 200 people that attended and enjoyed a tour of the airport grounds, a great lunch and numerous contests with prizes. In addition, a goody bag filled with Lafayette Regional Airport and airline industry items from numerous sponsors was provided for each attending child in an effort to promote the Aviation industry.
- ➔ Major projects that were completed in 2017 include the New Cargo Facilities for Fedex and UPS, upgrades to the 114 Borman Dr. High Tail Hangar, upgrades to the ATCT Chillers, as well as some interior upgrades to the ATCT. Also completed were renovations upstairs in the Terminal that resulted in the inclusion of the Restaurant and Bar into the sterile area for the convenience of passengers that have passed through Security.

- Several projects still in progress at the end of 2017 include Phase III of the NGA Apron Improvements, the RW Safety Area construction on 4R/22L Phase V, RWY 11 West End EMAS construction, the rehabilitation of RWY 11/29 and the installation of the RWY 29 East end EMAS System. Also ongoing is the seal coating of all taxiways and RWY 11/29. These projects are designed to enhance overall safety, as well as to help determine future growth and capacity of Lafayette Regional Airport.
- Several projects in the design phase and scheduled to begin in 2018 involve aspects of the New LFT Terminal's Infrastructure and Environmental Design, including the demolition of structures to make way for the new Rental Car QTA as well as the New Terminal. Other significant LAC projects planned for 2018 include the relocation of the RTR Cable, upgrades to the T-Hangars, and upgrades to the roof at 112 Borman Dr. These projects are also designed to improve the overall safety and the capacity of the airport.

FINANCIAL HIGHLIGHTS

- Operating Revenues rose 4.7% in 2017 from 2016 going from \$8.50 million to \$8.91 million. While Parking Revenues fell by 3% coinciding with slightly lower enplanement numbers, Non-Terminal Facilities and Landing Fees revenues increased by 9.1% and 8.9% respectively. These increases are due in large part to the new Cargo Facilities. The rise of approximately \$79K in Passenger Facility charges is merely the resumption of these charges for 2017.
- Operating Expenses also slightly increased from 2016 changing from \$13.91 million to \$14.31 million due primarily to decreases in R & M fees and Insurance costs that were not enough to offset the increase in Depreciation costs.
- Non-Operating Income (Expenses), excluding capital grants reported as income and the 1% Airport Tax, changed from a net income of \$3,920,330 in 2016 to a net income of \$4,667,242 in 2017. This category also reported a 46% increase in Interest Income earned over 2016.
- Net position of our business-type activity for 2017 increased by just less than \$2 million or 1%, compared to a 57% decrease in 2016 (due to the 1% tax from 2015). The increase for 2017 is due to an increase in Cash and Cash Equivalents.
- Additional funding for Airport operations is received through ad valorem tax revenue. In 2017 the Airport received approximately \$3.45 million in revenues which is a slight increase from the \$3.41 million in 2016.
- Capital grants, funds, and contributions received in 2017 were \$12,958,421 compared to \$11,606,074 in 2016. These grants are directly related to the various Airport Improvement Program grants which are funded at the federal and state level and fluctuate from year to year dependent upon the funding and schedules of the Airport's capital projects.

USING THIS REPORT

Reporting the Airport as a Whole

The Statement of Net Position reports information about the Airport as a whole and its activities in a way that helps answer the question “Is the Airport as a whole better or worse off as a result of the year’s activities?” This statement includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

Reporting the Airport’s Significant Funds

At the recommendation of the Louisiana Legislative Auditor’s Office, the Airport dissolved the General Fund at the beginning of the 2007 fiscal year. The revenues and expenditures that were previously reported within the General Fund are now included in the Proprietary Fund financial statements. Following is a description of the Proprietary Fund:

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

THE AIRPORT AS A WHOLE

The Airport’s net assets increased just over 6% in the current year, from \$182.9 million to \$194.5 million. The increase is due to the growth in Capital Assets of \$6.8M and in Current Assets of \$3.7M. Our following analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the Airport’s business-type activities. Table 2 does not reflect collections from Passenger Facility Charges or Customer Facility Charges, as these are not operating revenues.

CAPITAL ASSET AND LONG-TERM DEBT

Capital Assets

At the end of December 31, 2017, the Airport had \$120.7 million invested in capital assets, net of related debt, including all equipment, land and buildings. This represents a net increase of \$6.8 million, or 6%, over the 2016 amount of \$113.9 million.

During 2017, the airport expended \$13.7 million on capital activities. This included funds spent for the many airport construction and improvement projects previously listed in this report under Airport Activities and Highlights, that are designed to enhance overall safety, as well as the help determine future growth and capacity of Lafayette Regional Airport.

Debt

During 2011, the Airport completely paid out all taxable and nontaxable bonds outstanding. The Lafayette Airport Commission, in 2017, is currently without debt.

ECONOMIC FACTORS

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

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

REQUEST FOR INFORMATION

This financial report is written to provide a general overview of the Lafayette Regional Airport's financial position for all interested parties and to show the Airport's accountability for the money it receives. Questions concerning any of the information in the report should be addressed in writing to the Financial Comptroller, Lafayette Regional Airport, 222 Jet Ranger X Drive, Lafayette, LA 70508.

Table 1
NET POSITION

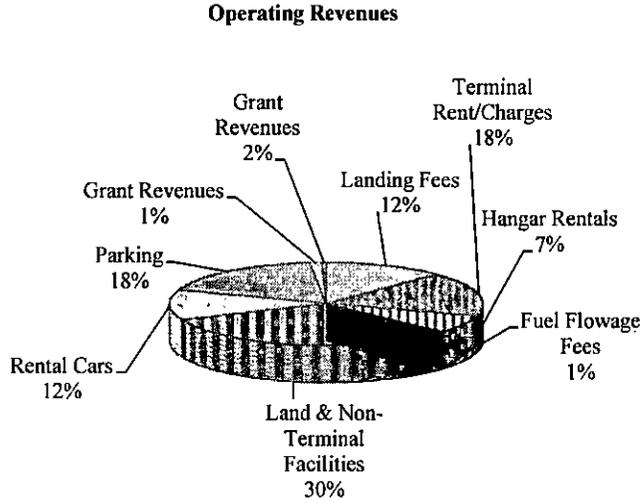
	Business-type Activities		Total Primary Government	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
ASSETS:				
Current Assets	\$ 39,241,028	\$ 35,458,522	\$ 39,241,028	\$ 35,458,522
Capital Assets	120,755,997	113,932,108	120,755,997	113,932,108
Non-Current Assets	<u>34,535,168</u>	<u>33,553,285</u>	<u>34,535,168</u>	<u>33,553,285</u>
TOTAL ASSETS	<u>\$ 194,532,193</u>	<u>\$ 182,943,915</u>	<u>\$ 194,532,193</u>	<u>\$ 182,943,915</u>
Deferred Outflows	<u>\$ 380,873</u>	<u>\$ 567,963</u>	<u>\$ 567,963</u>	<u>\$ 101,513</u>
LIABILITIES:				
Current Liabilities	\$ 2,482,522	\$ 3,254,357	\$ 2,482,522	\$ 3,254,357
Non-Current Liabilities	472,600	601,081	472,600	601,081
Total Liabilities	<u>\$ 2,955,122</u>	<u>\$ 3,855,438</u>	<u>\$ 2,955,122</u>	<u>\$ 3,855,438</u>
Deferred Inflows	<u>\$ 399,054</u>	<u>\$ 420,219</u>	<u>\$ 420,219</u>	<u>\$ 315,869</u>
NET POSITION:				
Net Investment in Capital Assets	\$ 120,755,997	\$ 113,932,108	\$ 120,755,997	\$ 113,932,108
Restricted - PFC	574,913	492,412	574,913	492,412
Restricted - CFC	459,157	-	459,157	-
Restricted - New Terminal	33,501,098	33,060,873	33,501,098	33,060,873
Unrestricted	<u>36,267,725</u>	<u>31,750,828</u>	<u>36,267,725</u>	<u>31,750,828</u>
Total Net Position	<u>\$ 191,558,890</u>	<u>\$ 179,236,221</u>	<u>\$ 191,558,890</u>	<u>\$ 179,236,221</u>

Table 2
CHANGES IN NET POSITION

	Business-type Activities		Total Primary Government	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues				
Program Revenues:				
Charges for Services	\$ 8,801,827	\$ 8,406,862	\$ 8,801,827	\$ 8,406,862
Operating Grants	109,030	105,210	109,030	105,210
Capital Grants and Contributions	12,958,422	11,606,074	12,958,422	11,606,074
General Revenues:				
Property Taxes	3,410,980	3,367,485	3,410,980	3,367,485
Other Revenue	101,881	108,711	101,881	108,711
State Revenue Sharing	45,854	47,620	45,854	47,620
1% Airport Tax	153,363	163,395	153,363	163,395
Pension Related	14,104	14,510	14,104	14,510
Investment Earnings	555,680	378,717	555,680	378,717
Gain on Sale of Assets	5,429	-	5,429	-
Total Revenues	<u>26,156,568</u>	<u>24,198,583</u>	<u>26,156,568</u>	<u>24,198,583</u>
Program Expenses				
Administration	1,677,602	1,665,859	1,677,602	1,665,859
Telephones & Utilities	454,415	422,530	454,415	422,530
Supplies & Materials	51,250	76,111	51,250	76,111
Repairs & Maintenance	1,224,040	1,363,519	1,224,040	1,363,519
Security	833,274	801,874	833,274	801,874
ARFF	667,336	630,739	667,336	630,739
Professional Fees	575,915	581,508	575,915	581,508
Insurance	326,286	366,545	326,286	366,545
Contractual Services	815,670	783,701	815,670	783,701
Depreciation	7,687,220	7,222,514	7,687,220	7,222,514
Pension Related	54,205	-	54,205	-
Total Expenses	<u>14,367,213</u>	<u>13,914,900</u>	<u>14,367,213</u>	<u>13,914,900</u>
Increase in Net Position	<u>\$ 11,789,357</u>	<u>\$ 10,283,682</u>	<u>\$ 11,789,357</u>	<u>\$ 10,283,682</u>

**Table 3
REVENUES**

The following chart shows the major sources and percentage of operating revenues of the proprietary fund for the years ended December 31, 2017 and December 31, 2016:



Operating Revenues:

	2017	2016	Increase (Decrease) from 2016	Percent Increase (Decrease)
Landing Fees	\$ 1,109,142	\$ 1,018,908	\$ 90,234	8.9%
Terminal Rent/Charges	1,556,549	1,483,678	72,871	4.9%
Hangar Rentals	613,644	606,929	6,716	1.1%
Fuel Flowage Fees	125,029	110,704	14,325	12.9%
Land & Non-Terminal Facilities	2,712,644	2,487,253	225,391	9.1%
Rental Cars	1,038,261	1,000,483	37,778	3.8%
Parking	1,605,144	1,654,869	(49,725)	-3.0%
Grant Revenues	109,030	105,210	3,820	3.6%
Other	41,413	40,751	662	1.6%
Total Operating Revenues	8,910,857	8,508,785	402,072	4.7%

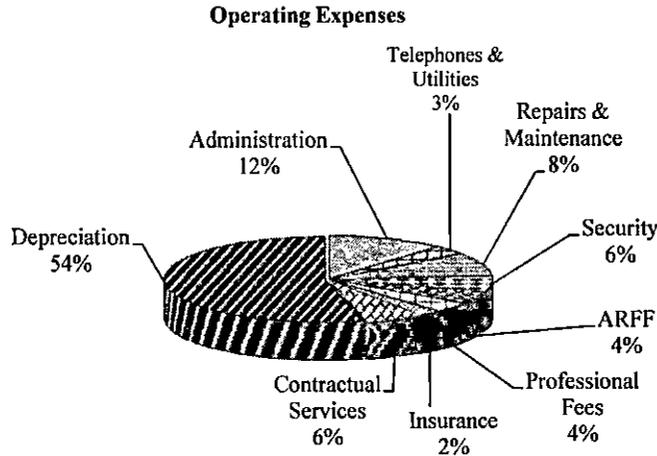
Non-Operating Revenues:

Interest Income	555,680	378,717	176,963	46.7%
Other Revenue	101,881	108,711	(6,830)	-6.3%
Proceeds from Sale of Assets	5,429	-	5,429	0.0%
Pension Related	14,104	14,510	-	0.0%
Operation & Maintenance Tax	3,456,834	3,415,105	41,729	1.2%
Passenger Facility Charges	82,501	3,287	79,214	2410.3%
Customer Facility Charges	450,817	-	450,817	0.0%
1% Airport Tax	153,363	163,395	(10,032)	-6.1%
Capital Grants and Contributions	12,958,422	11,606,074	1,352,348	11.7%
Total Non-Operating Revenues	17,779,030	15,689,798	2,089,638	13.3%

TOTAL REVENUES	\$ 26,689,887	\$ 24,198,583	\$ 2,491,709	10.3%
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**Table 4
EXPENSES**

The following chart shows the major sources and percentage of operating revenues of the proprietary fund for the years ended December 31, 2017 and December 31, 2016:



Operating Expenses:

	2017	2016	Increase (Decrease) from 2016	Percent Increase (Decrease)
Administration	\$ 1,677,602	\$ 1,665,859	\$ 11,743	0.7%
Telephones & Utilities	454,415	422,530	31,885	7.5%
Supplies & Materials	51,250	76,111	(24,861)	-32.7%
Repairs & Maintenance	1,224,040	1,363,519	(139,479)	-10.2%
Security	833,274	801,874	31,400	3.9%
ARFF	667,336	630,739	36,597	5.8%
Professional Fees	575,915	581,508	(5,593)	-1.0%
Insurance	326,286	366,545	(40,259)	-11.0%
Contractual Services	815,670	783,701	31,969	4.1%
Depreciation	7,687,220	7,222,514	464,706	6.4%
Total Operating Expenses	14,313,008	13,914,900	398,108	2.9%

Non-Operating Expenses:

Pension Related	54,205	-	54,205	-
Total Non-Operating Expenses	54,205	-	54,205	-

TOTAL EXPENSES	\$ 14,367,213	\$ 13,914,900	\$ 452,313	3.3%
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**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**STATEMENT OF NET POSITION
DECEMBER 31, 2017**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 32,917,279
Accounts Receivable	613,009
Ad Valorem Tax Receivable	1,854,945
Due From Sheriff	1,650,570
Grant Funds Receivable	2,114,236
Prepays	<u>90,989</u>
Total Current Assets	<u>39,241,028</u>

RESTRICTED ASSETS

Cash	
PFC Funds	574,913
CFC Funds	459,157
1% Airport Tax	<u>33,501,098</u>
Total Restricted Assets	<u>34,535,168</u>

PROPERTY AND EQUIPMENT

Property and Equipment	195,701,318
Land	5,491,076
Construction in Progress	<u>32,755,183</u>
Total	233,947,577
Less: Accumulated Depreciation	<u>(113,191,580)</u>
Net Property and Equipment	<u>120,755,997</u>

TOTAL ASSETS	<u>\$ 194,532,193</u>
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DEFERRED OUTFLOWS OF RESOURCES

Pension Related	<u>\$ 380,873</u>
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The Accompanying Notes are an Integral Part of These Statements.

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

**STATEMENT OF NET POSITION
DECEMBER 31, 2017**

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ 2,290,773
Accrued Expenses	41,084
Unearned Revenue	<u>15,343</u>
Total Current Liabilities	<u>2,347,200</u>

CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Security Deposits	<u>135,322</u>
Total Current Liabilities Payable From Restricted Assets	<u>135,322</u>

NON-CURRENT LIABILITIES

Accrued Compensated Absences	79,369
Net Pension Liability	<u>393,231</u>
Total Non-Current Liabilities	<u>472,600</u>

TOTAL LIABILITIES	<u>\$ 2,955,122</u>
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DEFERRED INFLOWS OF RESOURCES

Pension Related	\$ 70,877
Property Taxes	<u>328,177</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 399,054</u>

NET POSITION

Net Investment in Capital Assets	\$ 120,755,997
Expendable:	
Restricted for PFC Projects	574,913
Restricted for New Commercial Terminal	33,501,098
Restricted for CFC Projects	459,157
Unrestricted	<u>36,267,725</u>
TOTAL NET POSITION	<u>\$ 191,558,890</u>

The Accompanying Notes are an Integral Part of These Statements.

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017**

OPERATING REVENUES

Rentals	\$ 5,919,298
Commissions	117,703
Landing Fees	1,109,142
Parking Tolls	1,605,144
Passenger Facility Charges	82,501
Customer Facility Charges	450,817
Grant Revenues	109,030
Miscellaneous	50,539
Total Operating Revenues	<u>9,444,174</u>

OPERATING EXPENSES

Salaries and Costs of Employment	1,786,936
Supplies	51,250
Other Services and Charges	4,841,812
Depreciation	7,687,220
Total Operating Expenses	<u>14,367,218</u>

OPERATING LOSS

(4,923,044)

NON-OPERATING REVENUES (EXPENSES)

Interest Income	555,680
Other Revenue	101,881
Grant Revenue	12,958,422
Ad Valorem Tax Revenue	3,410,980
State Revenue Sharing	45,854
1% Airport Tax	153,363
Non-Employer Pension Contribution	14,104
Gain on Disposal of Fixed Assets	5,429
Total Non-Operating Revenues (Expenses)	<u>17,245,713</u>

INCREASE IN NET POSITION

12,322,669

NET POSITION, BEGINNING

179,236,221

NET POSITION, ENDING

\$ 191,558,890

The Accompanying Notes are an Integral Part of These Statements.

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received From Providing Services	\$ 9,274,444
Received from Other Sources	227,098
Cash Paid to Suppliers	(5,640,777)
Cash Paid to Employees	<u>(1,729,544)</u>
Net Cash Provided By Operating Activities	\$ 2,131,221
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Interest Received	<u>555,680</u>
Net Cash Provided By Investing Activities	555,680
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Ad Valorem Tax Revenue	<u>2,926,435</u>
Net Cash Provided By Non-Capital Financing Activities	2,926,435
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES	
Capital Grants Received	14,194,150
Acquisition and Construction of Fixed Assets	(14,511,106)
1% Tax Revenue	153,363
Proceeds From Disposal of Fixed Assets	<u>5,429</u>
Net Cash Provided By Capital and Financing Activities	<u>(158,164)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,455,172
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (including \$33,553,285 in restricted cash)	<u>61,997,278</u>
CASH AND CASH EQUIVALENTS, END OF YEAR (including \$34,535,168 in restricted cash)	<u>\$ 67,452,450</u>

The Accompanying Notes are an Integral Part of These Statements.

**LAFAYETTE REGIONAL AIRPORT
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**STATEMENT OF CASH FLOWS - continued
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Operating Loss	\$ (4,923,044)	
Adjustments to Reconcile Loss From Operations to Net Cash Provided By Operating Activities:		
Depreciation	7,687,220	
Other Revenue	101,881	
Provision for Net Pension Liability, Net	54,205	
Changes in Assets and Liabilities:		
Accounts Receivable	(60,700)	
Prepaid Expenses	40,307	
Accounts Payable	(480,799)	
Accrued Expenses	(273,368)	
Unearned Revenue	(33,855)	
Security Deposits	16,187	
Accrued Compensated Absences	<u>3,187</u>	
Net Cash Provided By Operating Activities		<u>\$ 2,131,221</u>

The Accompanying Notes are an Integral Part of These Statements.

**LAFAYETTE REGIONAL AIRPORT
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity - Lafayette Regional Airport is a municipally owned, non-hub airport located on U. S. Highway 90 East in the City of Lafayette. The Airport provides passenger service through three regional carriers. The major source of revenue for the Airport is rentals on buildings, hangars, land, and terminal space.

The Lafayette Regional Airport is a component unit of the Consolidated Government of Lafayette, Louisiana (the Consolidated Government). The Airport constitutes a legal entity separate and apart from the Consolidated Government. The Airport is governed by a seven-member, non-elected commission. Five members are appointed by the Lafayette Consolidated Government, one member is appointed by the Parish President, and one member is appointed by the mayors of the various municipalities surrounding Lafayette.

The financial information contained in these statements is only that of the Lafayette Regional Airport and includes all funds over which the Airport exercises oversight responsibility. This responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

Basis of Presentation - The Lafayette Regional Airport, reported in these statements as a proprietary fund, prepares its financial statements in accordance with the standards established by the Governmental Accounting Standards Board (GASB), the accepted standard-setting body for establishing governmental accounting and financial reporting principles. FASB ASC Section 2100 – Defining the Financial Reporting Entity (GASB Statement No. 14) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The Lafayette Regional Airport is considered to be a component unit of the Consolidated Government of Lafayette, Louisiana. The accompanying statements present only transactions of the Airport, a component unit of the Consolidated Government of Lafayette, Louisiana.

Basis of Accounting – The Airport maintains its books and records using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The accounts of the Airport are in conformity with generally accepted accounting principles (GAAP). Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statute 24:517 and to the guidelines set forth in the Louisiana Governmental Audit Guide.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Accounting - continued

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

Equity Classifications – In the financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

Revenues - Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient.

Property and Equipment - Depreciation of all exhaustible fixed assets is charged as an expense against operations. Accumulated depreciation is reported on the Statement of Net Position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of fixed assets are as follows:

	<u>Years</u>
Hangars and Buildings	10 - 30
Runways and Navigation Aids	10 - 20
Service Roads and Parking	10 - 20
Other Permanent Improvements	10 - 20
Equipment	3 - 10
Lease Purchase Equipment	5

**LAFAYETTE REGIONAL AIRPORT
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property and Equipment – continued

Land and other capital improvements acquired by the Airport prior to October 31, 1971, are stated at replacement cost as of that date, as historical cost information was not maintained prior to this time. Land acquisitions, which occurred prior to October 31, 1971, are stated at an estimated replacement cost of \$4,834,560, which approximates \$2,600 per acre. All capital improvements acquired prior to this date are fully depreciated, and, as such, have no remaining book value at the balance sheet dates. All subsequent asset purchases are stated at cost. The Airport has a policy in place which requires the capitalization of all asset purchases of \$1,000 or greater. No asset values have been recorded for various improvements constructed by tenants at their own expense, which improvements will revert to the Airport at the expiration of the applicable leases.

Prepaid Items - Payments made to vendors for services that will benefit periods beyond year end are recorded as prepaid items.

Restricted Assets - Proceeds from certain resources of the Airport are classified as restricted assets on the Statement of Net Position because their use is limited by grant agreements or ordinances.

Compensated Absences - Employees of the Airport earn annual leave in amounts from 8 to 12 hours per month based on years of service. Annual leave may be carried forward provided the amount carried forward does not exceed two years of an employee's earned annual leave. Unused annual leave (in excess of what can be carried forward) shall be used or surrendered. Upon termination, employees are paid for all accumulated annual leave.

Sick leave is credited to all classified employees at the rate of eight hours per month. All unused sick leave is carried forward from year to year. No payments are due for such accumulated sick leave upon termination or retirement.

The Airport's recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Estimated accrued compensated absences resulting from unused vacation at the end of the fiscal year are recorded as long-term liabilities in the financial statements. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. This policy resulted in an accrual for compensated absences of \$79,369 at December 31, 2017.

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, the Airport considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Airport had no cash equivalents at December 31, 2017.

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

Custodial Credit Risk - Deposits and Investments – The Airport is exposed to custodial credit risk as it relates to their deposits and investments with financial institutions. The Airport's policy to ensure there is no exposure to this risk is to require each financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. These securities must be held in the Airport's name. Accordingly, the Airport had no custodial credit risk related to its deposits at December 31, 2017.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Post-Employment Benefits – The Airport does not offer any of these types of benefits to employees and therefore has no liability.

(B) CASH AND INVESTMENTS

State laws authorize the government to invest in obligations of the U.S. Treasury, obligations guaranteed by the United States or any agency thereof, and bonds of this state or any subdivision of this state.

All bank balances of deposits and investments as of the Statement of Net Position date are entirely insured or collateralized by securities held by the government's agent in the government's name.

**LAFAYETTE REGIONAL AIRPORT
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(B) CASH AND INVESTMENTS - continued

Investments consist of certificates of deposit with maturity dates of greater than one year. For the year ended December 31, 2017, the Airport held no investments in certificates of deposit.

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

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

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

	2017	2016
Petty Cash	\$ 400	\$ 400
Operating Account	4,563,663	2,190,795
Operating Reserve	22,097,373	21,001,155
PFC Account	574,913	492,412
CFC Account	459,157	-
Terminal Development Funds Account	6,000,055	5,001,338
1% Airport Tax Account	33,501,098	33,060,873
Grant Account	255,788	250,305
Cash Per Statement of Cash Flows	\$ 67,452,447	\$ 61,997,278

(C) AD VALOREM TAXES

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

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

That portion of the ad valorem taxes dedicated to operations and maintenance of the Airport was assessed to property owners in Lafayette Parish at 1.58 mills for 2017.

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(D) PASSENGER FACILITY CHARGE

During the 2016 fiscal year, the Airport submitted an application to the Federal Aviation Administration (FAA) to impose a Passenger Facility Charge (PFC) at the Lafayette Regional Airport. Approval of this application occurred in June 2017. The FAA approved the collection and use of PFC revenues for the new passenger terminal project commencing October 1, 2017. Under the terms of the agreement with the FAA, the Airport is allowed to charge a \$4.50 PFC per passenger, to generate maximum net cumulative revenues of \$21,139,375. The FAA estimates that the charge expiration date will be January 1, 2041. The use of this revenue is restricted by the FAA for specific approved projects in the amount of \$21,139,375.

Additional projects to be funded by uncommitted PFC revenues will require FAA approval. The Airport has reserved a portion of its net position for undisbursed PFC revenues. PFC revenues available to fund specific projects were \$574,913 at December 31, 2017. This amount is shown on the face of the Statement of Net Position as Restricted.

(E) CUSTOMER FACILITY CHARGE

Effective June 1, 2017, the Airport began collecting a Customer Facility Charge (CFC), which is collected for each rental car transaction day at a rate of \$5.00 per transaction day. The revenues generated will be used to fund and finance the new Rental Car Facility in association with the New Terminal Development Project. The Airport has approved to initially collect enough CFC funds to cover planning, design and project management costs to determine the viability of the project. The amount is estimated to be \$750,000. For the year ended December 31, 2017, the CFC revenues collected and available to fund the project were \$459,157 and is reported on the face of the Statement of Net Position as Restricted.

(F) RESTRICTED ASSETS

Assets required to be held and/or used as specified in bond resolutions, grant agreements, or other contractual agreements have been reported as Restricted Assets.

(G) GRANT FUNDS RECEIVABLE

The Airport is in the process of performing various airfield improvement projects with the assistance of federal and state funds. Grant funds receivable at December 31, 2017 consisted of the following:

State Department of Transportation	\$	412,288
Louisiana Facilities Planning		1,005,452
FAA – AIP Project 45		4,399
FAA – AIP Project 46		74,885
FAA – AIP Project 47		281,529
FAA – AIP Project 48		226,105
FAA – AIP Project 49		108,943
FAA – AIP Project 50		635
Total Grant Funds Receivable	<u>\$</u>	<u>2,114,236</u>

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(H) PROPERTY AND EQUIPMENT

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

	Beginning Balance 12/31/16	Additions	Disposals/ Transfers	Ending Balance 12/31/2017
Hangers and Buildings	\$ 50,483,113	\$ 6,425,878	\$ -	\$ 56,908,991
Runways and Navigation Aids	98,918,635			98,918,635
Service Roads and Parking	10,535,818			10,535,818
Other Permanent Improvements	18,800,064	606,221		19,406,285
Equipment	8,238,425	154,708	(46,861)	8,346,272
Furniture and Fixtures	1,585,317			1,585,317
	<u>\$188,561,372</u>	<u>\$ 7,186,807</u>	<u>\$ (46,861)</u>	<u>\$195,701,318</u>
Less: Accumulated Depreciation and Amortization	<u>(105,551,221)</u>	<u>(7,687,220)</u>	<u>46,861</u>	<u>(113,191,580)</u>
Net Property and Equipment	<u>\$ 83,010,151</u>	<u>\$ (500,413)</u>	<u>\$ -</u>	<u>\$ 82,509,738</u>
Land	<u>\$ 5,491,076</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,491,076</u>
Construction in Progress	<u>\$ 25,430,880</u>	<u>\$ 14,327,068</u>	<u>\$ 7,002,765</u>	<u>\$ 32,755,183</u>

Depreciation expense for the year ended December 31, 2017 was \$7,687,220.

(I) DEFINED BENEFIT PENSION PLAN

Plan Description

All full-time employees of Lafayette Regional Airport participate in the Parochial Employees' Retirement System (PERS) of Louisiana, a multiple-employer, cost-sharing public employee retirement plan that was established by the Louisiana Legislature as of January 1, 1953 by Act 205 of 1952. The PERS was revised by Act 765 of 1979, revised by Act 584 of 2006.

The System provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elects to become members of the System.

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

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**NOTES TO FINANCIAL STATEMENTS
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(I) DEFINED BENEFIT PENSION PLAN - continued

Eligibility Requirements

All Airport employees 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.

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:

- a) Thirty years of creditable service regardless of age.
- b) Twenty-five years of creditable service at age 55.
- c) Ten years of creditable service at age 60.
- d) Seven years of creditable service at age 65.

For employees hired after January 1, 2007:

- a) Thirty years of creditable services at age 55.
- b) Ten years of creditable service at age 62.
- c) Seven years of creditable service at age 67.

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent 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.

Survivor Benefits

Upon 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.

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 a 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.

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**NOTES TO FINANCIAL STATEMENTS
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(I) DEFINED BENEFIT PENSION PLAN - continued

Disability Benefits - continued

Upon retirement caused by disability, a member of the Plan 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.

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 who is eligible to retire may elect to participate in the 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 (IRA).

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 DROP 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.

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.

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**NOTES TO FINANCIAL STATEMENTS
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(I) DEFINED BENEFIT PENSION PLAN - continued

Cost of Living Increases - continued

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, contribution requirements for all employers are actuarially determined each year. For the year ending December 31, 2016, the actually determined contribution rate was 10.52% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2016 was 13.00% for Plan A.

The total contributions for the years ended December 31, 2017, 2016 and 2015 were \$152,798, \$146,239 and \$167,130, respectively.

According to state statute, the System also receives $\frac{1}{4}$ 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 employer contributions and are considered support from non-employer contributing entities.

Schedule of Employer Allocations

The schedule of employer allocations reports the required projected employer contributions in addition to the employer allocation percentage. The required projected employer contributions are used to determine the proportionate relationship of each employer to all employers of Parochial Employees' Retirement System of Louisiana. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The resulting 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 contributions to the plan during the fiscal year ended December 31, 2015 as compared to the total of all employers' contributions received by the plan during the fiscal year ended December 31, 2016.

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**NOTES TO FINANCIAL STATEMENTS
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(I) DEFINED BENEFIT PENSION PLAN - continued

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.

The components of the net pension liability of the System's employers as of December 31, 2016 are as follows:

	PLAN A
Total Pension Liability	\$ 3,519,868,332
Plan Fiduciary Net Position	3,313,917,014
Total Net Pension Liability	<u>\$ 205,951,318</u>

The Airport's allocation is .190934% of the Total Net Pension Liability.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2016 are as follows:

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.00%, net of investment expense
Projected Salary Increases	5.25% (2.50% Inflation, 2.75% Merit)
Mortality Rates:	RP - 2000 Employee Sex Distinct Table for Employees RP - 2000 Healthy Annuitant Sex Distinct Table for Annuitants RP - 2000 Disabled Lives Mortality Tables for Disabled Annuitants
Expected Remaining Service Lives	4 years for Plan A
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 increases not yet authorized by the Board of Trustees.

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**NOTES TO FINANCIAL STATEMENTS
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(I) DEFINED BENEFIT PENSION PLAN - continued

Actuarial Methods and Assumptions - continued

The discount rate used to measure the total pension liability was 7.00% for Plan A. 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, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. 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 CAPM 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 weighing 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 7.66% for the year ended December 31, 2016.

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, 2016 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	35%	1.24%
Equity	52%	3.63%
Alternatives	11%	0.67%
Real Assets	2%	0.12%
Totals	<u>100%</u>	<u>5.66%</u>
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Return		<u>7.66%</u>

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables.

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(I) DEFINED BENEFIT PENSION PLAN – continued

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, 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 6.00%, or one percentage point higher 8.00% than the current rate.

	Plan A		
	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$ 1,176,312	\$ 393,231	\$ (266,888)

Change in Net Pension Liability

The changes in the net pension liability for the year ended December 31, 2016 were recognized in the current reporting period except as follows:

Differences between Expected and Actual Experience

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$68,812 for the year ended December 31, 2017.

Differences between Projected and Actual Investment Earnings

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$305,162 for the year ended of December 31, 2017.

Changes of Assumptions

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions resulted in deferred outflows of resources in the amount of \$74,657 for the year ended of December 31, 2017.

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(I) DEFINED BENEFIT PENSION PLAN – continued

Change in Proportion

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The unamortized amounts arising from changes in proportion are presented in the Schedule of Pension Amounts as deferred outflows or deferred inflows as of December 31, 2017.

Contributions – Proportionate Share

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

Retirement System Audit Report

Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on its financial statements for the year ended December 31, 2016. Access to the audit report can be found on the System's website: www.persla.org or on the Office of Louisiana Legislative Auditor's official website: www.lia.state.la.us.

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

At December 31, 2017, the Airport reported a liability of \$393,231 for its proportionate share of the Net Pension Liability.

The Net Pension Liability was measured as of December 31, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Airport's proportion of the Net Pension Liability was based on a projection of the Airport's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2016, the Airport's proportion was 0.190934%, which was a decrease of .008474% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2016, the Airport recognized pension expense of \$207,003 adjusted for the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$3,140.

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(I) DEFINED BENEFIT PENSION PLAN – continued

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

At December 31, 2017, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ -	\$ 68,812
Changes of Assumptions	74,657	
Net difference between projected and actual earnings on pension plan investments	305,162	-
Change in proportion and differences between employer contributions and proportionate share of contributions	(5,505)	2,065
Employer contributions subsequent to measurement date- Prior	(146,239)	-
Employer contributions subsequent to the measurement date- Current	<u>152,798</u>	<u>-</u>
Total	<u>\$ 380,873</u>	<u>\$ 70,877</u>

Deferred outflows of resources of \$152,798 related to pensions resulting from the Airport's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended December 31, 2018.

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(I) DEFINED BENEFIT PENSION PLAN – continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ended</u>	
12/31/2017	\$ 114,399
12/31/2018	\$ 122,550
12/31/2019	\$ 80,240
12/31/2020	\$ (8,246)

(J) OPERATING LEASES

The Airport leases buildings, hangars, land and terminal space to a number of tenants. Due to the nature of those leases, they are all classified as operating leases. The following is a schedule by years of minimum future rentals on non-cancelable operating leases as of December 31, 2017:

Year Ending December 31

2018		2,978,374
2019		2,730,581
2020		2,725,517
2021		2,138,153
2022		1,317,405
Thereafter		<u>7,041,042</u>
Total Minimum Future Rentals		\$ <u>18,931,072</u>

Certain rentals included above relate to tenants with scheduled annual CPI adjustments. Those annual adjustments could not be determined. Therefore, the 2017 rents were used for all years.

(K) RISK MANAGEMENT

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

**LAFAYETTE REGIONAL AIRPORT
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(L) COMMITMENTS AND CONTIGENCIES

On a continuing basis, the Airport enters into construction contracts for improvements to the Airport. At December 31, 2017, there are several ongoing projects for which contracts have been entered and work is in progress. The majority of the costs of these projects are being funded by Airport Improvement Program Grants through the Federal Aviation Administration and the State of Louisiana, Department of Transportation. At December 31, 2017, the Airport has filed several lawsuits against contractors on these construction contracts for substandard work and lack of completion. In one instance, the contractor has filed a counter-suit for lack of payment. These suits are currently early in the litigation process and no amounts are recorded in these financial statements.

(M) DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Airport has items relating to pension that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Airport has items relating to pension and property taxes that qualify for reporting in this category.

(N) COMPENSATION OF COMMISSION MEMBERS

The Airport Commission in comprised of a seven (7) member board who serve without compensation.

(O) COMPENSATION, BENEFITS AND OTHER PAYMENTS TO EXECUTIVE DIRECTOR

A detail of compensation, benefits, and other payments paid to the Executive Director, Steven Picou, for the year ended December 31, 2017:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 140,137
Benefits – Insurance	\$ 17,695
Benefits – Retirement	\$ 17,517
Reimbursements- Phone	\$ 1,200
Travel	\$ 4,870
Registration Fees	\$ 1,364
Conference Travel	\$ 3,754
Vehicle Usage	\$ 762

**LAFAYETTE REGIONAL AIRPORT
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(P) DEDICATION OF PROCEEDS AND FLOW OF FUNDS – SALES TAX

In November 2014, the citizens of Lafayette Parish approved the collection of a one percent sales tax dedicated to the construction of a new terminal at the Lafayette Regional Airport. Revenues from this tax totaled \$153,363 for the year ended December 31, 2017. Total collections of this dedicated tax as of December 31, 2017 are \$33,501,098 and is reported as restricted cash and restricted net position in these financial statements.

(Q) SUBSEQUENT EVENTS

The Airport has evaluated subsequent events through May 24, 2018, the date the financial statements were available to be issued.

On January 22, 2018, the Louisiana Bond Commission approved the issuance of up to \$60,000,000 in Excess Revenue Bonds, in one or more series, not exceeding 12 percent and not exceeding 15 years for constructing and acquiring airport facilities and additions and improvements, including necessary furniture, machinery and equipment.

SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Administrative	General Maintenance	Contractual Services	Total
SALARIES AND COSTS OF EMPLOYMENT				
Salaries	\$ 855,055	\$ 386,141	\$ -	\$ 1,241,196
Payroll Taxes	11,824	6,210	-	18,034
Group Insurance	166,859	141,265	-	308,124
Worker's Compensation	1,258	11,321	-	12,579
Retirement Contributions	159,629	47,374	-	207,003
Total Personal Services	<u>\$ 1,194,625</u>	<u>\$ 592,311</u>	<u>\$ -</u>	<u>\$ 1,786,936</u>
SUPPLIES				
Supplies and Minor Equipment	<u>\$ 26,091</u>	<u>\$ 23,832</u>	<u>\$ 1,327</u>	<u>\$ 51,250</u>
OTHER SERVICES AND CHARGES				
Advertising	\$ 378,811	\$ -	\$ -	\$ 378,811
Postage and Freight	3,528	-	-	3,528
Dues and Publications	39,927	-	-	39,927
Environmental Expenses	174,183	-	-	174,183
Fuel and Oil	1,534	26,495	11,913	39,942
Fly Lafayette Campaign/Public Relations	19,069	-	-	19,069
Insurance	195,977	130,309	-	326,286
Miscellaneous	603	-	-	603
Terminal Building Equipment Contract	-	-	142,273	142,273
Professional Fees	575,915	-	-	575,915
Repairs and Maintenance	189,213	149,343	92,759	431,315
Repairs and Maintenance-Leased Facilities	9,976	-	-	9,976
Telephone	47,523	24,232	-	71,755
Training	17,283	1,009	-	18,292
Travel	31,914	-	-	31,914
Uniforms	1,332	7,141	-	8,473
Utilities	-	382,660	-	382,660
Parking Fee Management	326,375	-	-	326,375
Contracted Services -				
Grounds Maintenance	-	116,228	-	116,228
Janitorial	-	-	243,677	243,677
ARFF Services	-	-	667,336	667,336
Security	-	-	833,274	833,274
Total Other Services and Charges	<u>\$ 2,013,163</u>	<u>\$ 837,417</u>	<u>\$ 1,991,232</u>	<u>\$ 4,841,812</u>

See Independent Auditors' Report.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Federal Grantor Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Transportation			
Federal Aviation Administration			
Airport Improvement Projects	20.106 *	#45	\$ 247,659
		#46	11,339
		#47	7,140,793
		#48	514,183
		#49	1,840,045
		#50	<u>635</u>
Total Expenditures of Federal Awards			<u>\$ 9,754,654</u>

* - denotes a major program.

NOTE:

The above Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

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

**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
LOUISIANA PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2017**

Year ended December 31	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.184399%	\$ 50,416	\$ 1,144,263	4.4%	99.15%
2016	0.199408%	\$ 524,899	\$ 1,138,140	46.1%	92.23%
2017	0.190934%	\$ 393,231	\$ 1,161,126	33.9%	94.15%

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

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>Year ended December 31,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2015	\$ 183,082	\$ 183,082	\$ -	\$ 1,144,263	16.00%
2016	\$ 170,329	\$ 167,130	\$ 3,199	\$ 1,174,682	14.23%
2017	\$ 150,946	\$ 146,239	\$ 4,707	\$ 1,161,126	12.59%

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

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

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
Lafayette Airport Commission
Lafayette, Louisiana

* A PROFESSIONAL CORPORATION
** A LIMITED LIABILITY COMPANY



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STEPHANIE L. WEST, CPA, MBA

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 business-type activities and the major fund of the Lafayette Regional Airport, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Lafayette Regional Airport's basic financial statements, and have issued our report thereon dated May 24, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lafayette Regional Airport's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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.

*Wright, Moore, DeHart,
Dupuis & Hutchinson*

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

May 24, 2018
Lafayette, Louisiana

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

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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

To the Board of Commissioners
Lafayette Airport Commission
Lafayette, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Lafayette Regional Airport, A Component Unit of the Consolidated Government of Lafayette, Louisiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Airport's major federal program for the year ended December 31, 2017. Lafayette Regional Airport's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Lafayette Regional Airport's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lafayette Regional Airport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Lafayette Regional Airport's compliance.

Opinion on Each Major Federal Program

In our opinion, Lafayette Regional Airport complied, in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of Lafayette Regional Airport is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lafayette Regional Airport's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Lafayette Regional Airport's internal control over compliance.

A 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*Wright, Moore, DeHart,
Dupuis & Hutchinson*

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

May 24, 2018
Lafayette, Louisiana

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

We have audited the financial statements of the Lafayette Regional Airport, a component unit of the Consolidated Government of Lafayette, Louisiana, as of and for the year ended December 31, 2017, and have issued our report thereon dated May 24, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States. Our audit of the financial statements as of December 31, 2017 resulted in an unmodified opinion.

Section I - Summary of Auditors' Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Control Deficiencies

Yes No

Material Weakness

Yes No

Compliance

Compliance Material to Financial Statements

Yes No

B. Management Letter

Was a management letter issued?

Yes No

C. FEDERAL AWARDS

Major Program Identification

The Lafayette Regional Airport at December 31, 2017, had one major program: Department of Transportation: Federal Aviation Administration-Airport Improvement Projects: CFDA Number 20.106.

Low-Risk Auditee

The Lafayette Regional Airport is considered a low-risk auditee for the year ended December 31, 2017.

Major Program - Threshold

The dollar threshold to distinguish Type A and Type B programs is \$750,000 for the year ended December 31, 2017.

Auditors' Report - Major Program

An unmodified opinion has been issued on the Lafayette Regional Airport's compliance for its major program as of and for the year ended December 31, 2017.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2017**

C. FEDERAL AWARDS - continued

Control Deficiencies - Major Program

There were no control deficiencies noted during the audit of the major federal program.

Compliance Finding Related to Major Program

The audit did not disclose any material noncompliance or questioned costs relative to its federal program.

Section II - Financial Statement Findings

There were no control deficiencies or instances of material noncompliance noted during the audit.

Section III – Federal Award Findings and Questioned Costs

The audit did not disclose any material noncompliance findings or questioned costs relative to its federal programs.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

To the Board of Commissioners
Lafayette Airport Commission
Lafayette, Louisiana

Report on Compliance for the Passenger Facility Charge Program

We have audited the Lafayette Regional Airport, A Component Unit of the Consolidated Government of Lafayette, Louisiana's compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended December 31, 2017.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance of Lafayette Regional Airport's passenger facility programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the 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), and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about Lafayette Regional Airport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the passenger facility charge program. However, our audit does not provide a legal determination of Lafayette Regional Airport's compliance.

Opinion on the Passenger Facility Charge Program

In our opinion, Lafayette Regional Airport complied, in all material respects, with the requirements referred to above that could have a direct and material effect on the passenger facility charge program for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of Lafayette Regional Airport is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lafayette Regional Airport's internal control over compliance with the types of requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the passenger facility charge program and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Lafayette Regional Airport's internal control over compliance.

A 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Report on Schedule of Revenues and Expenditures of Passenger Facility Charges

We have audited the basic financial statements of the Airport as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements. We have issued our report thereon dated May 24, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of passenger facility charges collected and expended is presented for the purposes of additional analysis as required in the Guide and is 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 financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America.

In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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 Guide. Accordingly, this report is not suitable for any other purpose. This report is intended for the information of the management and Board of Commissioners of the Lafayette Regional Airport, the Federal Aviation Administration and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, DeHart,
Dupuis & Hutchinson*

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

May 24, 2018
Lafayette, Louisiana

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

**SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Beginning Program Total</u>	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Ending Program Total</u>
Revenue:						
Collections	\$ 12,210,577	\$ 9	\$ 193	\$ 57	\$ 77,813	\$ 12,288,649
Interest	<u>513,494</u>	<u>798</u>	<u>963</u>	<u>1,305</u>	<u>1,363</u>	<u>517,923</u>
Total Revenue	<u>12,724,071</u>	<u>807</u>	<u>1,156</u>	<u>1,362</u>	<u>79,176</u>	<u>12,806,572</u>
Disbursements:						
Application 95-01-C-03-LFT (Closed)	<u>933,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>933,024</u>
Application 98-02-U-00-LFT (Closed)	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Application 01-03-C-00-LFT (Closed)	<u>2,273,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,273,692</u>
Application 05-04-C-00-LFT (Closed)	<u>2,677,464</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,677,464</u>
Application 06-05-C-00-LFT (Closed)	<u>756,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>756,165</u>
Application 08-06-C-00-LFT:						
Project 1-Airport Security System Upgrade	3,584,753	-	-	-	-	3,584,753
Project 2 - Replace PAPIs-Runways	138,990	-	-	-	-	138,990
Project 3 - Administrative Costs	<u>24,543</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,543</u>
Total Application 08-06-C-00-LFT	<u>3,748,286</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,748,286</u>
Application 11-07-C-00-LFT:						
Project 1- Passenger Boarding Bridge	1,683,592	-	-	-	-	1,683,592
Project 2 - Administrative Costs	<u>9,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,436</u>
Total Application 11-07-C-00-LFT	<u>1,693,028</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,693,028</u>
Total Disbursements	<u>12,231,659</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,231,659</u>
Net PFC Revenue	<u>-</u>	<u>807</u>	<u>1,156</u>	<u>1,362</u>	<u>79,176</u>	<u>-</u>
PFC Account Balance	<u>\$ 492,412</u>	<u>\$ 493,219</u>	<u>\$ 494,375</u>	<u>\$ 495,737</u>	<u>\$ 574,913</u>	<u>\$ 574,913</u>

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting - The above schedule was prepared on the cash basis of accounting which is not materially different from the accrual basis of accounting which is required by Generally Accepted Accounting Principles (GAAP).

See Independent Auditors' Report.

**LAFAYETTE REGIONAL AIRPORT
PASSENGER FACILITY CHARGE PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

A. SUMMARY OF AUDIT RESULTS

1. No material weaknesses were identified during the audit of the passenger facility charge program.
2. The auditors' report on compliance for the passenger facility charge program expresses an unmodified opinion.
3. There were no audit findings related to the passenger facility charge program.

B. FINDINGS AND QUESTIONED COSTS

None

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

**Passenger Facility Charge Program Audit Summary
YEAR ENDED DECEMBER 31, 2017**

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

LAFAYETTE AIRPORT COMMISSION

Lafayette, Louisiana

Independent Accountants' Report
On Applying Agreed-Upon Procedures

Year Ended December 31, 2017

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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To the Commissioners and Management
Lafayette Airport Commission
Lafayette, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of Lafayette Airport Commission and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Lafayette Airport Commission's compliance with certain laws, regulations and best practices during the year ended December 31, 2017. Management of Lafayette Airport Commission is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

Written policies and procedures were obtained and address the functions noted above.

- 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.

Written policies and procedures were obtained and address the functions noted above.

- c) **Disbursements**, including processing, reviewing, and approving

Written policies and procedures were obtained and address the functions noted above.

- d) **Receipts**, including receiving, recording, and preparing deposits

Written policies and procedures were obtained and address the functions noted above.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Written policies and procedures were obtained and address the functions noted above.

- 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

Written policies and procedures were obtained and address the functions noted above.

- 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, and (5) monitoring card usage

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

Written policies and procedures were obtained and address the functions noted above.

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

This section is not applicable as this agency has no debt.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met monthly in accordance with the by-laws.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

No exceptions noted.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

There was no deficit spending noted.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.)

No exceptions noted.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Obtained listing of client bank accounts from management and management's representation that listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all months in the fiscal period noting that reconciliations have been prepared for all months.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

No exceptions noted.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

This section is not applicable, as there were no items outstanding more than 6 months.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Obtained listing of cash collection locations and management's representation that listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Written documentation was obtained and address the functions noted above.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Written documentation was obtained and address the functions noted above.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Collection documentation was obtained and address the functions noted above. Due to minimal cash collected, the entity policy is to make deposits weekly unless a large amount is received, at which time a deposit is made outside of policy.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Collection documentation was obtained and address the functions noted above.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Written policies and procedures were obtained and address the functions noted above.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Listing of disbursements and management's representation that the listing is complete was obtained.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Examined supporting documentation for each of the 25 disbursements selected and found that purchases were initiated using the proper approval process.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Examined supporting documentation for each of the 25 disbursements selected and found appropriate approval of all purchases.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Examined supporting documentation for each of the 25 disbursements and found all payments were processed with proper approval, receiving report and approved invoice.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

No exceptions noted.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

No exceptions noted.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

No exceptions noted.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

No exceptions noted.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

Listing of active credit cards, and name of person who maintain possession of cards and management's representation that the listing is complete was obtained. There are no fuel cards or debit cards used.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Commission only maintains one credit card.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [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.]

Monthly statements were obtained and address the functions noted above.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

There were no finance charges and/or late fees assessed on sample selected.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

No exceptions noted.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

No exceptions noted.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Not applicable.

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions noted.

c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Policies were obtained. No amounts listed exceed GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense

documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Expenses were paid in accordance with written policy.

- b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

No exceptions noted.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions noted..

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No exceptions noted.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Listing of all contracts in effect and management's representation that the listing is complete was obtained.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

No exceptions noted.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

None were subject to Louisiana Public Bid Law.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

No exceptions noted.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No contracts were amended.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No noncompliance noted.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

No noncompliance noted.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Listing of employees with their related salaries and management's representation that the listing is complete was obtained.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions noted.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials (*We selected 5 employees*) documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions noted.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

No exceptions noted.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions noted.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

No noncompliance noted.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

No ethics violation were reported.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

This is not applicable as the Commission has no debt.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

N/A

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

N/A

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Required notices were posted on the entity's premises and website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Lafayette Airport Commission and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Wright, Moore, DeHart,
Dupuis and Hutchinson*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, LLC
Certified Public Accountants

Lafayette, Louisiana
May 21, 2018