

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated
Government

Annual Financial Report
As of and for the
Year Ended December 31, 2020

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Annual Financial Report
As of and for the Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Houma-Terrebonne Airport Commission (the Commission), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Commission'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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from 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 auditor's 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 involves 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Houma-Terrebonne Airport Commission as of December 31, 2020, and the respective changes in financial position and cash flows 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 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Houma-Terrebonne Airport Commission's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to the Executive Director on page 24 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to the Executive Director is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to the Executive Director 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 April 28, 2021, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.



Houma, Louisiana
April 28, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis
December 31, 2020

As management of the Houma-Terrebonne Airport Commission (HTAC), we offer readers of HTAC's financial statements this narrative overview and analysis of the financial activities of HTAC for the year ended December 31, 2020.

FINANCIAL HIGHLIGHTS

- Houma-Terrebonne Airport Commission's assets exceeded its liabilities by \$36,642,318 (net position) as of December 31, 2020.
- The Commission's total net position increased by \$698,167.
- The Houma-Terrebonne Airport Commission received federal and state contributions totaling \$451,329 for capital projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis
December 31, 2020

BASIC FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of HTAC, assets exceeded liabilities by \$36,642,318 at the close of the most recent year, December 31, 2020. The largest portion of HTAC's total assets is cash and investments (23%) and net capital assets (77%).

HTAC's Net Position

- Total assets increased by \$440,670 and total liabilities decreased by \$257,497.
- The increase in assets is attributable to an increase in cash and investments of \$458,344.

	December 31,	
	2020	2019
ASSETS		
Current assets		
Cash and investments	\$ 8,586,604	\$ 8,128,260
Other	113,498	120,829
Capital assets, net of accumulated depreciation	29,356,690	29,367,033
Total assets	38,056,792	37,616,122
 LIABILITIES		
Current liabilities	134,614	157,990
Bond payable		
Due within one year	242,554	234,107
Due in more than one year	1,037,306	1,279,874
Total liabilities	1,414,474	1,671,971
 NET POSITION		
Net investment in capital assets	28,076,830	27,853,052
Unrestricted	8,565,488	8,091,099
	\$ 36,642,318	\$ 35,944,151

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis
December 31, 2020

During the year, HTAC's net position increased by \$698,167. The elements of the increase are as follows:

HTAC's Changes in Net Position

	Year Ended December 31,	
	2020	2019
OPERATING REVENUES		
Rents and leases	\$ 1,809,499	\$ 1,856,717
Commissions on fuel	277,075	285,115
Total operating revenues	2,086,574	2,141,832
OPERATING EXPENSES		
Personnel services	729,123	761,075
Contractual services	253,288	185,851
Repairs and maintenance	150,142	167,767
Other expenses	15,629	38,449
Supplies and materials	38,000	63,840
Depreciation expense	997,997	967,879
Total operating expenses	2,184,179	2,184,861
OPERATING LOSS	(97,605)	(43,029)
NONOPERATING REVENUES (EXPENSES)		
Interest income	168,246	178,016
Interest expense	(49,946)	(58,113)
Unrealized appreciation		
on investment valuation	229,617	175,856
Gain on disposal of assets	5,500	2,188
Loss on sale of investments	(8,974)	(36,813)
Total nonoperating revenues (expenses)	344,443	261,134
INCOME BEFORE CONTRIBUTIONS	246,838	218,105
CAPITAL CONTRIBUTIONS	451,329	1,210,258
CHANGE IN NET POSITION	\$ 698,167	\$ 1,428,363

As indicated above, net position increased by \$698,167. This increase is primarily due to capital contributions from other governments, and unrealized appreciation on investment valuation. The capital contributions consist of federal and state funds for Reconstruction Taxiway F – Design and Runway 18/36 Drainage Improvements (Construction - Phase I).

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis
December 31, 2020

HTAC's Cash Flows

	Year Ended December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from tenants	\$ 1,813,073	\$ 1,852,195
Cash received from other sources	277,075	285,115
Cash paid to employees and suppliers	(970,684)	(1,055,663)
Net cash flows provided by operating activities	1,119,464	1,081,647
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,194,069)	(2,408,811)
Proceeds from sales of investments	1,899,288	2,067,678
Investment income	159,272	141,203
Net cash flows used in investing activities	(135,509)	(199,930)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(987,654)	(2,108,708)
Capital contributions from other governments	451,329	1,210,258
Principal payments on bond payable	(234,121)	(225,954)
Interest payments on bond payable	(49,946)	(58,113)
Net cash flows used in capital and related financing activities	(820,392)	(1,182,517)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 163,563	\$ (300,800)

REQUEST FOR INFORMATION

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

FINANCIAL STATEMENTS

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

Statement of Net Position
December 31, 2020

ASSETS

Current assets

Cash and cash equivalents	\$ 1,283,965
Investments	7,302,639
Accounts receivable	1,563
Due from other governmental units	13,595
Prepaid insurance	98,340
Total current assets	<u>8,700,102</u>

Capital assets, net of accumulated depreciation of \$18,122,447	<u>29,356,690</u>
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TOTAL ASSETS	<u><u>38,056,792</u></u>
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LIABILITIES

Accounts payable and accrued expenses	34,044
Unearned revenues	100,570
Bond payable	
Due within one year	242,554
Due in more than one year	<u>1,037,306</u>

TOTAL LIABILITIES	<u><u>1,414,474</u></u>
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NET POSITION

Net investment in capital assets	28,076,830
Unrestricted	<u>8,565,488</u>

TOTAL NET POSITION	<u><u>\$ 36,642,318</u></u>
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See accompanying notes.

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

Statement of Revenues, Expenses,
 and Change in Net Position
 Year Ended December 31, 2020

OPERATING REVENUES

Rents and leases	\$ 1,809,499
Commissions on fuel	277,075
Total operating revenues	2,086,574

OPERATING EXPENSES

Personal services	729,123
Contractual services	253,288
Repairs and maintenance	150,142
Other expenses	15,629
Supplies and materials	38,000
Depreciation expense	997,997
Total operating expenses	2,184,179

OPERATING LOSS

(97,605)

NONOPERATING REVENUES (EXPENSES)

Interest income	168,246
Interest expense	(49,946)
Unrealized appreciation on investment valuation	229,617
Gain on disposal of assets	5,500
Loss on sale of investments	(8,974)
Total nonoperating revenues (expenses)	344,443

INCOME BEFORE CONTRIBUTIONS

246,838

CAPITAL CONTRIBUTIONS FROM OTHER GOVERNMENTS

451,329

CHANGE IN NET POSITION

698,167

NET POSITION AT BEGINNING OF YEAR

35,944,151

NET POSITION AT END OF YEAR

\$ 36,642,318

See accompanying notes.

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

Statement of Cash Flows
Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from tenants	\$ 1,813,073
Cash received from other sources	277,075
Cash paid to employees and suppliers	<u>(970,684)</u>
Net cash flows provided by operating activities	<u>1,119,464</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(2,194,069)
Proceeds from sales/redemptions of investments	1,899,288
Investment income received	<u>159,272</u>
Net cash flows used in investing activities	<u>(135,509)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(987,654)
Capital contributions from other governments	451,329
Principal payments on bond payable	(234,121)
Interest payments on bond payable	<u>(49,946)</u>
Net cash used in capital and related financing activities	<u>(820,392)</u>
Net increase in cash and cash equivalents	163,563
CASH AND CASH EQUIVALENTS, beginning	<u>1,120,402</u>
CASH AND CASH EQUIVALENTS, ending	<u><u>\$ 1,283,965</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (97,605)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	997,997
Unrealized net appreciation on investment valuation	229,617
Gain on disposal of assets	5,500
Decrease in:	
Accounts receivable	3,574
Prepaid insurance	3,757
Decrease in:	
Accounts payable and accrued expenses	(3,037)
Unearned revenues	<u>(20,339)</u>
Net cash flows provided by operating activities	<u><u>\$ 1,119,464</u></u>

See accompanying notes.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
Year Ended December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Houma-Terrebonne Airport has an aviation/industrial complex comprising of approximately 1,800 acres. Aviation and industrial services produce approximately 180 leases. A busy helicopter oil field shuttle accounts for the majority of the flying operations. The airport is equipped with a full instrument landing system. Through three fixed based operators, a full range of aviation services results in approximately 57,000 aircraft movements each year. Direct flight line and parking apron access is available on approximately 600 leasable acres. Hard-surfaced roads, access to major highways, water canals, and port facilities, are readily available.

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

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

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
Year Ended December 31, 2020

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

A. FUND ACCOUNTING

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

B. BASIS OF ACCOUNTING

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

C. CASH AND CASH EQUIVALENTS

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

D. INVESTMENTS

Under state law, the Commission may invest in United States bonds, treasury notes, certificates, and commercial paper. As of December 31, 2020, the Commission holds investments as follows:

	<u>Cost</u>	<u>Market Value</u>
US Treasury Notes	\$ 4,972,547	\$ 5,194,621
Federal National Mortgage Assoc.	1,615,677	1,640,821
Federal Home Loan Mortgage Corp.	470,396	467,197
	<u>\$ 7,058,620</u>	<u>\$ 7,302,639</u>

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
Year Ended December 31, 2020

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

E. ACCOUNTS RECEIVABLE

The Commission accounts for bad debts using the allowance method. As of December 31, 2020, the Commission had no material accounts that were deemed unlikely of collection.

F. CAPITAL ASSETS

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

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

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

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

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

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
Year Ended December 31, 2020

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

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

Long-term liabilities are recognized within the Enterprise Fund.

G. NET POSITION

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

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

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

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

H. VACATION AND SICK LEAVE

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

In addition, employees are granted 10 days of sick leave each year. A maximum of 10 days of unused vacation leave may be carried forward from year to year. Sick leave can be accumulated not to exceed 90 days. Upon separation of employment, employees are compensated for accumulated vacation leave at the employee's current rate of pay. Employees retiring with more than 10 years of service are compensated for unused vacation time and 50 percent of the accumulated sick leave to a maximum of 45 days. As of December 31, 2020, employees of the Airport Commission have accumulated \$23,041 of employee leave benefits.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
Year Ended December 31, 2020

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

I. ESTIMATES

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

J. RECENT PRONOUNCEMENT

Statement No. 87, "Leases", increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. Management has not yet determined the effect of this Statement on the financial statements.

NOTE 2 – DEPOSITS AND INVESTMENTS

Bank Deposits:

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

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

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
Year Ended December 31, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)

The year-end balance of deposits is as follows:

	<u>Bank Balance</u>	<u>Reported Amount</u>
Cash and cash equivalents	\$ 1,287,987	\$ 1,173,105

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission has a written policy for custodial credit risk. As of December 31, 2020, \$898,744 of the Commission's bank balance of \$1,287,987 was exposed to credit risk. These deposits were uninsured and were collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Commission's name.

As of December 31, 2020, cash was adequately collateralized in accordance with state law by federal deposit insurance and securities held by an unaffiliated bank for the account of the Commission. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

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

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
Year Ended December 31, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)

As of December 31, 2020, the Commission had the following investments and maturities:

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>			
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>5 or more</u>
U.S. Treasury Note	\$ 5,194,621	\$ 125,869	\$ 2,345,875	\$ 2,722,877
Federal National Mortgage Association (FNMA) Notes	1,640,821	-	449,579	1,191,242
Federal Home Loan Mortgage Corporation (FHLMC) Notes	467,197	302,739	-	164,458
Totals	<u>\$ 7,302,639</u>	<u>\$ 428,608</u>	<u>\$ 2,795,454</u>	<u>\$ 4,078,578</u>

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

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

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

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
Year Ended December 31, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)

During the year ended December 31, 2020, the Commission recognized \$229,617 of unrealized appreciation on such investments.

Included in investments are deposits in a government security backed money market fund, the total cost and market value of which equaled \$110,860 at December 31, 2020.

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

Reported amount of deposits	\$ 1,173,105
Reported amount of investments	<u>7,413,499</u>
Total	<u><u>\$ 8,586,604</u></u>
Cash and cash equivalents	\$ 1,283,965
Investments	<u>7,302,639</u>
Total	<u><u>\$ 8,586,604</u></u>

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
Year Ended December 31, 2020

NOTE 3 – CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
Capital assets, not being depreciated:				
Land	\$ 1,069,079	\$ -	\$ -	\$ 1,069,079
Capital assets, being depreciated:				
Buildings	2,199,937	2,525	-	2,202,462
Improvements other than buildings	36,681,437	1,364,185	-	38,045,622
Furniture and equipment	880,307	15,903	-	896,210
Construction in progress	5,660,723	969,589	(1,364,548)	5,265,764
	<u>45,422,404</u>	<u>2,352,202</u>	<u>(1,364,548)</u>	<u>46,410,058</u>
Less accumulated depreciation:				
Buildings	(693,053)	(46,208)	-	(739,261)
Improvements other than buildings	(15,700,538)	(880,943)	-	(16,581,481)
Furniture and equipment	(730,859)	(70,846)	-	(801,705)
Total accumulated depreciation	<u>(17,124,450)</u>	<u>(997,997)</u>	<u>-</u>	<u>(18,122,447)</u>
Total capital assets being depreciated, net	<u>28,297,954</u>	<u>1,354,205</u>	<u>(1,364,548)</u>	<u>28,287,611</u>
Capital assets, net	<u>\$ 29,367,033</u>	<u>\$ 1,354,205</u>	<u>\$ (1,364,548)</u>	<u>\$ 29,356,690</u>

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
Year Ended December 31, 2020

NOTE 4 – BOND PAYABLE

After appropriate approval by the Louisiana State Bonding Commission on June 27, 2007, the Commission issued \$4,490,000 of revenue bonds, Series 2007A, for the purpose of constructing and acquiring improvements, extensions and replacements to the taxiways, airport lighting systems, AWOS systems, and other governmental projects, including a new administrative office and fire station, and all appurtenant equipment accessories, replacements and additions related thereto, all works of public improvement and/or revenue producing projects. The Commission issued a revenue refunding bond, Series 2010, on December 1, 2010. This agreement includes monthly principal and interest payments of \$23,672 with an interest rate of 3.55%. The bond matures on December 1, 2025. The outstanding balance of bond payable as of December 31, 2020 is \$1,279,860.

Maturities of long-term debt are as follows:

<u>Year Ending December 31,</u>	
2021	\$ 242,554
2022	251,306
2023	260,374
2024	269,769
2025	<u>255,857</u>
	<u>\$ 1,279,860</u>

NOTE 5 – CAPITAL CONTRIBUTIONS FROM OTHER GOVERNMENTS

During the year ended December 31, 2020, the Airport Commission received capital contributions from the following governments:

Louisiana Department of Transportation	\$ 254,720
United States of America/Federal Aviation Administration	<u>196,609</u>
	<u>\$ 451,329</u>

These contributions were designated for use in the Reconstruction Taxiway F – Design and Runway 18/36 Drainage Improvements (Construction - Phase I) projects.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
Year Ended December 31, 2020

NOTE 6 – PENSION PLAN

The Commission provides pension benefits for all of its full-time employees through a defined contribution plan administered by the Public Employees Benefit Services Corporation. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan, plus investment earnings. Employees are eligible to participate from the date of employment. The Plan requires that both the employee and the Commission contribute an amount equal to five percent of the employee's base salary each month. For employees hired prior to January 1, 2012, the Commission's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous service. Employees hired subsequent to January 1, 2012 receive vesting under a seven year sliding schedule. Commission contributions for, and interest forfeited by, employees who leave employment before vesting are used to reduce the Commission's current-period contribution requirement. The Commission and the employees both made the required five percent contributions of \$23,880 for a total contributed of \$47,760.

NOTE 7 – POST-EMPLOYMENT BENEFITS

Employees who complete a minimum of 25 years of permanent and full-time creditable service and have reached the age of 62 years are entitled to receive continued group insurance coverage upon retirement with the Commission paying eighty percent (80%) and the employee paying the remaining twenty percent (20%) of the insurance premiums. The amount of post-employment benefits is immaterial to the financial statements as a whole as of December 31, 2020.

NOTE 8 – LEASES

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

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
Year Ended December 31, 2020

NOTE 8 – LEASES (Cont.)

The following is a schedule of future minimum rental income from non-cancelable operating revenue leases:

<u>Year Ending December 31,</u>	
2021	\$ 1,693,854
2022	1,083,420
2023	922,548
2024	877,716
2025	798,641
Thereafter	<u>8,763,776</u>
	<u>\$ 14,139,955</u>

NOTE 9 – COMPENSATION OF BOARD COMMISSIONERS

As provided by Louisiana Revised Statute 2:603, the Commissioners have elected to use the monthly meeting method of compensation. Under this method, the chairman and other board members receive a payment for each meeting attended with a limit of two paid meetings per month. The chairman receives \$200 per meeting. The board members receive \$80 per meeting. The compensation is included in personal services expense on the statement of revenues, expenses, and change in net position. The following amounts were paid to commissioners for the year ended December 31, 2020:

Mr. Mike Kreller, Chairman	\$ 4,600
Mr. John B. Watson, Vice-Chairman	1,760
Mr. Edward L. Marmande	1,760
Mr. Derrick A. Miller	1,440
Mr. Jeff Teuton	1,280
Mr. Joshua Alford, Secretary/Treasurer	1,200
Mr. Carleton A. Casey	1,200
Mr. Robert J. Landry	<u>80</u>
Total	<u>\$ 13,320</u>

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
Year Ended December 31, 2020

NOTE 10 – RISK MANAGEMENT

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

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events were evaluated through April 28, 2021, which is the date the financial statements were available to be issued, and it was determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

OTHER INFORMATION

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Schedule of Compensation, Benefits, and Other
Payments to the Executive Director
Year Ended December 31, 2020

Agency Head Name: Myrden Pellegrin, Executive Director

Purpose	Amount
Salary	\$ 104,879
Benefits - insurance	-
Benefits - retirement	-
Deferred compensation	-
Benefits - other	-
Car allowance/automobile expense	-
Vehicle provided by government	1,400
Per diem	-
Reimbursements	-
Travel	207
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	204

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

See independent auditor's report.

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified public Accountants
(A Professional Corporation)*

Ph. (985) 851-3638
Fax (985) 851-3951

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Houma-Terrebonne Airport Commission (the Commission), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Commission's financial statements, and have issued our report thereon dated April 28, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Houma, Louisiana
April 28, 2021

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Schedule of Findings and Responses
Year Ended December 31, 2020

Section I – Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on the financial statements of the Houma-Terrebonne Airport Commission.
2. No deficiencies in internal control over financial reporting were noted during the audit of the financial statements.
3. No instances of noncompliance or other matters required to be reported in accordance with *Government Auditing Standards* were noted during the audit.
4. No instances of noncompliance under the provisions of the Louisiana Governmental Audit Guide were noted during the audit of the financial statements.
5. A management letter was not issued.

Section II – Financial Statement Findings

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

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

This section is not applicable.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Schedule of Prior Findings and Responses
Year Ended December 31, 2020

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

Internal Control

No findings related to the Houma-Terrebonne Airport Commission's internal control, which would be required to be reported in accordance with *Government Auditing Standards*, were noted during the audit for the year ended December 31, 2019.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2019.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

A management letter was not issued.