

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated
Government

Annual Financial Report
As of and for the
Year Ended December 31, 2017

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Annual Financial Report
As of and for the Year Ended December 31, 2017

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 7
Financial Statements	
Statement of Net Position	8
Statement of Revenues, Expenses, and Change in Net Position	9
Statement of Cash Flows	10
Notes to Financial Statements	11 - 22
Other Information	
Schedule of Compensation, Benefits, and Other Payments to the Executive Director	23
Report Required by <i>Government Auditing Standards</i>	
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 <i>Government Auditing Standards</i>	24 - 25
Schedule of Findings and Responses	26
Schedule of Prior Findings and Responses	27
Statewide Agreed-Upon Procedures	
Independent Accountant's Report on Applying Agreed-Upon Procedures	28
Schedule of Procedures and Associated Findings of the Statewide Agreed- Upon Procedures	29-47

**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

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, 2017, 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, 2017, 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.

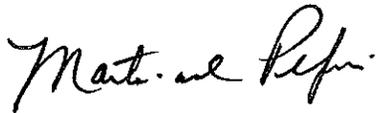
Other Information

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 23 is presented for purposes of additional analysis and is not a required part of the financial statements.

The Schedule of Compensation, Benefits, and Other Payments to the Executive Director 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 May 1, 2018, 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
May 1, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis
December 31, 2017

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, 2017.

FINANCIAL HIGHLIGHTS

- Houma-Terrebonne Airport Commission's assets exceeded its liabilities by \$34,808,595 (net position) as of December 31, 2017.
- The Commission's total net position increased by \$733,190.
- The Houma-Terrebonne Airport Commission received federal, state, and other contributions totaling \$428,391 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, 2017

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 \$34,808,595 at the close of the most recent year, December 31, 2017. The largest portion of HTAC's total assets is cash and investments (21%) and net capital assets (78%).

HTAC's Net Position

- Total assets increased by \$493,956 and total liabilities decreased by \$239,234.
- The increase in assets is attributable to an increase in net capital assets of \$1,288,759.

	December 31,	
	2017	2016
ASSETS		
Current assets		
Cash and investments	\$ 7,814,745	\$ 8,552,500
Other	256,074	313,122
Capital assets, net of accumulated depreciation	28,809,426	27,520,667
Total assets	36,880,245	36,386,289
LIABILITIES		
Current liabilities	113,619	142,416
Bond payable		
Due within one year	218,084	210,489
Due in more than one year	1,739,947	1,957,979
Total liabilities	2,071,650	2,310,884
NET POSITION		
Net investment in capital assets	26,851,395	25,352,199
Unrestricted	7,957,200	8,723,206
	\$ 34,808,595	\$ 34,075,405

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis
December 31, 2017

During the year, HTAC's net position increased by \$733,190. The elements of the increase are as follows:

HTAC's Changes in Net Position

	Year Ended December 31,	
	2017	2016
OPERATING REVENUES		
Rents and leases	\$ 1,853,585	\$ 1,792,275
Commissions on fuel	224,724	263,746
Total operating revenues	2,078,309	2,056,021
OPERATING EXPENSES		
Personnel services	728,399	669,422
Contractual services	283,177	331,489
Repairs and maintenance	205,187	262,003
Other expenses	49,764	154,047
Supplies and materials	60,403	58,105
Depreciation expense	966,906	951,813
Total operating expenses	2,293,836	2,426,879
OPERATING LOSS	(215,527)	(370,858)
NONOPERATING REVENUES (EXPENSES)		
Income from tenant vacancy	483,000	-
Interest income	183,448	175,405
Interest expense	(73,630)	(80,908)
Unrealized depreciation		
on investment valuation	(39,925)	(90,764)
Gain on disposal of assets	-	11,054
Loss on sale of investments	(32,567)	(8,117)
Total nonoperating revenues (expenses)	520,326	6,670
INCOME (LOSS) BEFORE CONTRIBUTIONS	304,799	(364,188)
CAPITAL CONTRIBUTIONS	428,391	1,576,336
INCREASE IN NET POSITION	\$ 733,190	\$ 1,212,148

As indicated above, net position increased by \$733,190. This increase is primarily due to income from tenant vacancy of \$483,000 and capital contributions from other governments of \$428,391. The capital contributions consist of federal, state, and local funds for Blimp Road Sewer Improvement Phase II, LED Lighting Installation and Systems Upgrade, Airfield Drainage, Rehabilitation of Taxiway Golf, and Taxiway to Runway 12 projects.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis
December 31, 2017

HTAC's Cash Flows

	Year Ended December 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from tenants	\$ 1,762,232	\$ 1,799,310
Cash received from other sources	224,724	325,766
Cash paid to employees and suppliers	(1,311,005)	(1,538,739)
Net cash flows provided by operating activities	675,951	586,337
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,880,119)	(5,394,690)
Proceeds from sales of investments	1,926,640	5,247,257
Principal returns on investments	703,625	87,373
Investment income	183,448	175,405
Net cash flows provided by (used in) investing activities	(66,406)	115,345
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(1,772,666)	(1,745,619)
Proceeds received from disposal of assets	-	11,054
Capital contributions from other governments	492,146	1,515,351
Principal payments on bond payable	(210,436)	(203,158)
Interest payments on bond payable	(73,630)	(80,908)
Net cash flows used in capital and related financing activities	(1,564,586)	(503,280)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (955,041)	\$ 198,402

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 Joseph Wheeler, Executive 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, 2017

ASSETS

Current assets

Cash and cash equivalents	\$ 1,213,774
Investments	6,600,971
Accounts receivable	8,783
Due from other governmental units	184,365
Prepaid insurance	62,926
Total current assets	<u>8,070,819</u>

Capital assets, net of accumulated
depreciation of \$15,211,377

28,809,426

TOTAL ASSETS

36,880,245

LIABILITIES

Accounts payable and accrued expenses	29,036
Unearned revenues	84,583
Bond payable	
Due within one year	218,084
Due in more than one year	<u>1,739,947</u>

TOTAL LIABILITIES

2,071,650

NET POSITION

Net investment in capital assets	26,851,395
Unrestricted	<u>7,957,200</u>

TOTAL NET POSITION

\$ 34,808,595

See accompanying notes.

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

Statement of Revenues, Expenses,
and Change in Net Position
For the Year Ended December 31, 2017

OPERATING REVENUES

Rents and leases	\$ 1,853,585
Commissions on fuel	<u>224,724</u>
Total operating revenues	<u>2,078,309</u>

OPERATING EXPENSES

Personal services	728,399
Contractual services	283,177
Repairs and maintenance	205,187
Other expenses	49,764
Supplies and materials	60,403
Depreciation expense	<u>966,906</u>
Total operating expenses	<u>2,293,836</u>

OPERATING LOSS	<u>(215,527)</u>
-----------------------	------------------

NONOPERATING REVENUES (EXPENSES)

Income from tenant vacancy (note 3)	483,000
Interest income	183,448
Interest expense	(73,630)
Unrealized depreciation on investment valuation	(39,925)
Loss on sale of investments	<u>(32,567)</u>
Total nonoperating revenues (expenses)	<u>520,326</u>

INCOME BEFORE CONTRIBUTIONS	304,799
------------------------------------	---------

CAPITAL CONTRIBUTIONS FROM OTHER GOVERNMENTS	<u>428,391</u>
---	----------------

CHANGE IN NET POSITION	733,190
-------------------------------	---------

NET POSITION AT BEGINNING OF YEAR	<u>34,075,405</u>
--	-------------------

NET POSITION AT END OF YEAR	<u><u>\$ 34,808,595</u></u>
------------------------------------	-----------------------------

See accompanying notes.

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

Statement of Cash Flows
For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from tenants	\$ 1,762,232
Cash received from other sources	224,724
Cash paid to employees and suppliers	<u>(1,311,005)</u>
Net cash flows provided by operating activities	<u>675,951</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(2,880,119)
Proceeds from sales of investments	1,926,640
Principal returns on investments	703,625
Investment income received	<u>183,448</u>
Net cash flows used in investing activities	<u>(66,406)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(1,772,666)
Capital contributions from other governments	492,146
Principal payments on bond payable	(210,436)
Interest payments on bond payable	<u>(73,630)</u>
Net cash used in capital and related financing activities	<u>(1,564,586)</u>
Net decrease in cash and cash equivalents	(955,041)
CASH AND CASH EQUIVALENTS, beginning	<u>2,168,815</u>
CASH AND CASH EQUIVALENTS, ending	<u><u>\$ 1,213,774</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (215,527)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	966,906
Unrealized net depreciation on investment valuation	(39,925)
Increase in:	
Accounts receivable	(6,707)
Decrease in:	
Accounts payable and accrued expenses	(15,925)
Unearned revenues	<u>(12,871)</u>
Net cash flows provided by operating activities	<u><u>\$ 675,951</u></u>
NONCASH OPERATING AND INVESTING ACTIVITIES:	
Capital asset acquired via tenant vacancy (note 3)	<u><u>\$ 483,000</u></u>

See accompanying notes.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
For the Year Ended December 31, 2017

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 an eight-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 five fixed based operators, a full range of aviation services results in approximately 60,300 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
For the Year Ended December 31, 2017

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, 2017, the Commission holds investments as follows:

	<u>Cost</u>	<u>Market Value</u>
US Treasury Notes	\$ 3,715,109	\$ 3,624,865
Federal Home Loan Mortgage Corp.	1,707,567	1,596,010
Federal National Mortgage Assoc.	1,032,444	991,200
Government National Mortgage Assoc.	195,367	190,042
Louisiana Go Bonds	204,582	198,854
	<u>\$ 6,855,069</u>	<u>\$ 6,600,971</u>

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
For the Year Ended December 31, 2017

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, 2017, the Company had no 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
For the Year Ended December 31, 2017

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 does not consider 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, 2017, employees of the Airport Commission have accumulated \$11,646 of employee leave benefits.

I. ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
For the Year Ended December 31, 2017

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

accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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.

The year-end balance of deposits is as follows:

	<u>Bank Balance</u>	<u>Reported Amount</u>
Cash and cash equivalents	\$ 1,198,752	\$ 1,151,219

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, 2017, \$948,752 of the Commission's bank balance of \$1,198,752 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, 2017, 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

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
For the Year Ended December 31, 2017

NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)

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.

During the year ended December 31, 2017, the Commission invested in a government money market fund and asset/liability based derivatives in the form of collateralized mortgage obligations (CMOs). CMOs are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities, or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Due to varying established payment orders, some CMOs have more stable cash flows relative to changes in interest rates than others, which can be significantly sensitive to interest rate fluctuations. In a declining interest rate environment, some CMOs may be subject to a reduction in interest payments as a result of prepayments of mortgages, which make up the collateral pool. Reductions in interest payments cause a decline in cash flows and, thus a decline in market value of the CMO security. Rising interest rates may cause an increase in interest payments, thus an increase in the value of the security.

The Commission's investments are categorized to give an indication of the level of risk assumed by the Commission as of December 31, 2017. The categories are described as follows:

- Category 1 - Insured or registered, with securities held by the Commission or its agent in the Commission's name.
- Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Commission's name.
- Category 3 - Uninsured and unregistered, with securities held by the counterparty, or its trust department or agent, but not in the Commission's name.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
For the Year Ended December 31, 2017

NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)

Investments, categorized by level of risk, are:

	Category			Fair Value	Cost
	1	2	3		
U.S. Government Securities	-0-	-0-	\$ 6,402,117	\$ 6,402,117	\$ 6,650,487
Louisiana State Go Bonds	-0-	-0-	\$ 198,854	\$ 198,854	\$ 204,582

Investments are registered in the name of the broker for the benefit of the Airport Commission and are held by the broker. Because the underlying securities are not held in the Airport Commission's name and are not held by the Airport Commission or its agents, they are considered uninsured and unregistered (Category 3) in applying the credit risk of GASB Codification Section I 50.125. During the year ended December 31, 2017, the Commission recognized \$39,925 of unrealized depreciation 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 \$62,555 at December 31, 2016.

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

Reported amount of deposits	\$ 1,151,219
Reported amount of investments	<u>6,663,526</u>
Total	<u>\$ 7,814,745</u>
Cash and cash equivalents	\$ 1,213,774
Investments	<u>6,600,971</u>
Total	<u>\$ 7,814,745</u>

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
For the Year Ended December 31, 2017

NOTE 3 – CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Capital assets, not being depreciated:				
Land	\$ 1,069,079	\$ -	\$ -	\$ 1,069,079
Capital assets, being depreciated:				
Buildings	1,686,698	483,000	-	2,169,698
Improvements other than buildings	35,273,338	625,012	-	35,898,350
Furniture and equipment	810,540	16,558	-	827,098
Construction in progress	2,925,482	1,131,096	-	4,056,578
	<u>40,696,058</u>	<u>2,255,666</u>	<u>-</u>	<u>42,951,724</u>
Less accumulated depreciation:				
Buildings	(556,620)	(45,586)	-	(602,206)
Improvements other than buildings	(13,185,297)	(839,788)	-	(14,025,085)
Furniture and equipment	(502,554)	(81,532)	-	(584,086)
Total accumulated depreciation	<u>(14,244,471)</u>	<u>(966,906)</u>	<u>-</u>	<u>(15,211,377)</u>
Total capital assets being depreciated, net	<u>26,451,587</u>	<u>1,288,760</u>	<u>-</u>	<u>27,740,347</u>
Capital assets, net	<u>\$ 27,520,666</u>	<u>\$ 1,288,760</u>	<u>\$ -</u>	<u>\$ 28,809,426</u>

During the year ended December 31, 2017, HTAC received a building valued at \$483,000 when a tenant vacated its lease and transferred title to the commission.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
For the Year Ended December 31, 2017

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, 2017 is \$1,958,031.

Maturities of long-term debt are as follows:

<u>Year Ending December 31,</u>	
2018	\$ 218,084
2019	225,953
2020	234,107
2021	242,554
2022	251,306
Thereafter	<u>786,027</u>
	<u>\$ 1,958,031</u>

NOTE 5 – CAPITAL CONTRIBUTIONS FROM OTHER GOVERNMENTS

During the year ended December 31, 2017, the Airport Commission received capital contributions from the following governments:

Louisiana Department of Transportation	\$ 146,813
United States of America/Federal Aviation Administration	253,754
Other	<u>27,824</u>
	<u>\$ 428,391</u>

These contributions were designated for use in the Blimp Road Sewer Improvement Phase II, LED Lighting Installation and Systems Upgrade, Airfield Drainage, Rehabilitation of Taxiway Golf, and Taxiway to Runway 12 projects.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
For the Year Ended December 31, 2017

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 \$23,514 for a total contributed of \$47,028.

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, 2017.

NOTE 8 – LEASES

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

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

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
For the Year Ended December 31, 2017

<u>Year Ending December 31,</u>	
2018	\$ 1,658,566
2019	1,221,297
2020	976,581
2021	813,874
2022	539,874
Thereafter	<u>8,671,361</u>
	<u>\$ 13,881,553</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, 2017:

Mike Kreller, Chairman	\$ 4,000
Edward Marmande, Vice-Chairman	1,120
Merlin Lirette, Secretary	1,280
Joshua Alford	1,200
Sye Broussard	800
Robert Landry	1,120
John Watson	<u>1,520</u>
Total	<u>\$ 11,040</u>

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.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
For the Year Ended December 31, 2017

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events were evaluated through May 1, 2018, 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
For the Year Ended December 31, 2017

Agency Head Name: Joseph Wheeler, Executive Director

Purpose	Amount
Salary	\$ 99,803
Benefits - insurance	22,343
Benefits - retirement	4,900
Deferred compensation	-
Benefits - other	-
Car allowance/automobile expense	-
Vehicle provided by government	2,482
Per diem	-
Reimbursements	-
Travel	13,091
Registration fees	5,835
Conference travel	7,228
Continuing professional education fees	-
Housing	-
Unvouchered expenses	28
Special meals	-

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, 2017, and the related notes to the financial statements, which collectively comprise the Commission's financial statements, and have issued our report thereon dated May 1, 2018.

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 opinions 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.

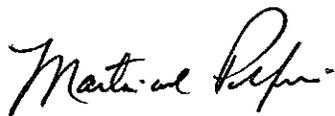
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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. This report is intended solely for the information and use of the Board of Commissioners, management, the State of Louisiana, and the Louisiana Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Houma, Louisiana
May 1, 2018

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Schedule of Findings and Responses
As of and for the Year Ended December 31, 2017

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 Reponses
As of and for the Year Ended December 31, 2017

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, 2016.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2016.

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.

STATEWIDE AGREED-UPON PROCEDURES

**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified Public Accountants
(A Professional Corporation)*

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

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

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

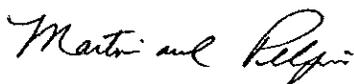
We have performed the procedures enumerated below, which were agreed to by the management of Houma Terrebonne Airport Commission and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2017. The Commission's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with the 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 the report has been requested or for any other purpose.

The procedures and associated findings are described on pages 29-47.

We were not engaged to, and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Houma, Louisiana
May 1, 2018

Houma Terrebonne Airport Commission
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
As of and for the Year Ended December 31, 2017

The required procedures and our findings are as follows:

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

1. Obtain the Commission'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 Commission does not have any written policies and procedures), as applicable:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget
Performance: Inquired management of its written policy for budgeting.
Exceptions: Although the Commission has budgeting policies, the policies are not written.
Management's Response: Management will consider drafting such written policies.
 - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
Performance: Inquired of management of its written policy for purchasing.
Exceptions: Although the Commission has purchasing policies, the policies are not written.
Management's Response: Management will consider drafting such written policies.
 - c) Disbursements, including processing, reviewing, and approving
Performance: Inquired of management of its written policy for disbursements.
Exceptions: Although the Commission has disbursement policies, the policies are not written.
Management's Response: Management will consider drafting such written policies.
 - d) Receipts, including receiving, recording, and preparing deposits
Performance: Inquired of management of its written policy for receipts.
Exceptions: Although the Commission has receipt policies, the policies are not written.
Management's Response: Management will consider drafting such written policies.

Houma Terrebonne Airport Commission
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
As of and for the Year Ended December 31, 2017

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

Performance: Obtained and read the written policy for payroll/personnel, and found it to contain the elements included in the above.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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

Performance: Inquired management of its written policy for contracts.

Exceptions: Although the Commission has contracting policies, the policies are not written.

Management's Response: Management will consider drafting such written policies.

- 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

Performance: Obtained and read the written policy for credit cards, and found it to contain the elements included in the above.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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

Performance: Obtained and read the written policy for travel and expense reimbursement policy, and found it to contain the elements included in the above.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Performance: Obtained and read the written policy for ethics.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

Houma Terrebonne Airport Commission
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
As of and for the Year Ended December 31, 2017

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

Performance: Inquired of management of its written policy for debt service.

Exceptions: Although the Commission has debt service policies, the policies are not written.

Management's Response: Management will consider drafting such written policies.

Procedures performed on the Commission's Board Minutes:

2. Obtain and review the board 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.

Performance: Obtained and read the written minutes of board meetings.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons.

Performance: Inspected the meeting minutes for budget-to-actual comparisons.

Exceptions: The meeting minutes do not reference the presentation of monthly budget-to-actual comparisons.

Management's Response: Management will consider including in the board minutes the presentation of budget-to-actual financial statements to the board.

- a. 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.

Performance: Determined that deficit spending did not exist.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

Houma Terrebonne Airport Commission
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
As of and for the Year Ended December 31, 2017

- 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.

Performance: Inspected the meeting minutes for the fiscal year and noted nonbudgetary financial information.

Exceptions: There were no expectations noted.

Management's Response: Not applicable.

Procedures performed on the Commission's bank reconciliation:

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

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

Exceptions: There were no expectations noted.

Management's Response: Not applicable.

4. Using the listing provided by management, select all of the Commission'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). 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;

Performance: Selected three bank accounts out of a total of three accounts. Determined that bank reconciliations were prepared for each month.

Exceptions: There were no expectations noted.

Management's Response: Not applicable.

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

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

Exceptions: There is no indication that a member of management or board member reviews the completed bank reconciliation.

Management's Response: A procedure will be implemented that will require the review of each bank reconciliation by a member of management not involved in its preparation.

Houma Terrebonne Airport Commission
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
As of and for the Year Ended December 31, 2017

- 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.

Performance: Inspected management research documentation for items outstanding for more than 6 months.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

Procedures performed on the Commission's collections:

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

Performance: Obtained the listing of cash/check/money order (cash) collection locations from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

6. Using the listing provided by management, select all of the Commission'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).

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, and (3) not required to share the same cash register or drawer with another employee.

Performance: Inquired of management as to its cash collection policies.

Exceptions: Although the Commission has cash collection procedures in place, the employees responsible for collecting cash are not bonded. Employees responsible for collecting cash are also responsible for depositing cash in the related bank account and recording the related transaction. There is only one cash drawer. It is however maintained by multiple employees.

Management's Response: Management will continue to provide oversight over cash (check) collections.

Houma Terrebonne Airport Commission
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
As of and for the Year Ended December 31, 2017

- b.) Obtain existing written documentation 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.

Performance: Inspected policy manual, as well as inquiries of management to ensure separation of duties.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- c.) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- a. 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.

Performance: Inspected the highest dollar week of cash collections and determined that all receipt transactions were deposited within 24 hours.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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

Performance: Inspected sequentially numbered receipts, the journal of cash receipts, and deposit slips from the bank. Noted that all collections are supported by adequate documentation.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

7. Obtain existing written documentation and report whether the entity has a process specifically defined to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions by person who is not responsible for collections.

Performance: Inspected policy and inquired of management as to separation of duties.

Exceptions: The Commission has no procedures regarding completeness of collections. Employees who are responsible for collections are also responsible for entering the collections into accounting software.

Management's Response: Management will continue to provide oversight over cash

Houma Terrebonne Airport Commission
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
As of and for the Year Ended December 31, 2017

(check) collections.

Procedures performed on the Commission's general disbursements (excluding credit card, fuel cards, P-cards 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.

Performance: Obtained the completed general ledger for the fiscal period and obtained management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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 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.

Performance: Randomly selected 25 disbursements using a random number generator for check numbers. Inquired of management as to requisition/purchase orders, and how invoices are approved.

Exceptions: Management does not use a documented purchase order system. Employees request permission from supervisors to make purchases. All requests are oral, not written.

Management's Response: Management will consider implementing a formal, written purchase order/requisition system.

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

Performance: Inquired of management as to purchase approval process.

Exceptions: The Commission does not use written purchase orders. Supervisors orally approves all purchase requests made by employees.

Management's Response: Management will consider implementing a formal, written purchase order/requisition system.

Houma Terrebonne Airport Commission
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
As of and for the Year Ended December 31, 2017

- 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.

Performance: Inquired of management and inspected approved invoices.

Exceptions: Payments are processed without written purchase orders and receiving reports. There is no written documentation of invoice approval (ex: signature or initialed). Invoices are orally approved before payment is made. Management does not use receiving reports. There is no written documentation of packing slip review.

Management's Response: Management will consider implementing a formal, written purchase order/requisition system.

10. Using entity documentation, report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Performance: Inspected policy and inquired of management as to separation of duties.

Exceptions: The person responsible for recording payments in the accounting system also adds vendors to the disbursement system.

Management's Response: These duties will be separated when the benefit of doing so exceeds the cost.

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.

Performance: Inspected policy as to who is responsible for signing checks and making the final authorization for disbursements. Disbursements can be requested by employees. The board chairman, vice chairman, secretary-treasurer, all board members, and the executive director can sign checks, none of which are responsible for recording purchases.

Exceptions: No exceptions were noted.

Management's Response: Not applicable.

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 and report whether the persons with signatory authority have system access to print checks.

Performance: Inquired of management, as well as observed where the supply

Houma Terrebonne Airport Commission
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
As of and for the Year Ended December 31, 2017

of unused checks are held. Also, determined who had access to unused checks.

Exceptions: No exceptions were noted.

Management's Response: Not applicable.

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.

Performance: Inquired of management as to whether there is a signature stamp or machine. Per management, there is no signature stamp or machine.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

Procedures performed on the Commission's credit cards, debit cards, fuel card, p-cards:

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

Performance: Inspected the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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.

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.

Performance: Obtained all monthly statements for two credit cards out of population of three and observed supporting documentation.

Houma Terrebonne Airport Commission
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
As of and for the Year Ended December 31, 2017

Exceptions: Combined statements included supporting documentation, however there was no indication that documentation was reviewed or approved by someone other than the authorized card holder.

Management's Response: Management will consider implementing a formal system of review and approval of credit card statements.

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

Performance: I reviewed the selected credit card statements and determined no finance charges and/or late fees were assessed.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the cards selected. For each transaction report whether the transaction is supported by:

- a. An original itemized receipt.

Performance: Traced each transaction to an original itemized receipt.

Exceptions: One credit card transaction for a meal was supported by a receipt that was not itemized.

Management's Response: Management will ensure that only credit card purchases supported by an original, properly documented, itemized receipt will be paid by the Commission.

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

Performance: Observed documentation of the purpose of each transaction. Inspected all meal charges for documentation included the names of the individuals participating.

Exceptions: Two credit card transactions for meals did not document the business purpose of the meal.

Management's Response: Management will ensure that only credit card purchases supported by an original, properly documented, itemized receipt will be paid by the Commission.

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

Performance: Observed written policies and inquired if prior written authorization or approval was needed for transactions.

Exceptions: There is no prior approval or written authorization for transactions.

Houma Terrebonne Airport Commission
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
As of and for the Year Ended December 31, 2017

Management's Response: Credit card purchases are approved by a member of management before statements are paid.

- a.) 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 exception.

Performance: Compared the transaction detail to the written disbursement policy and Louisiana Public Bid Law.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- b.) For each transaction, compare the Commission'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. 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.

Performance: Inspected all detail transactions and compared them to the requirements of Article 7, Section 14 of the Louisiana Constitution.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

Procedures performed on the 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.

Performance: Observed a list of all travel and related expense reimbursements. Management's representation of the listing was confirmed in a separate letter.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

18. Obtain the Commission'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.

Performance: Management's travel and expense policies reference the rates established by the State of Louisiana as their applicable rates and mileage rates applicable with the IRS. Noted stated rates complied with GSA rates.

Houma Terrebonne Airport Commission
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
As of and for the Year Ended December 31, 2017

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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.

Performance: Selected the three employees who incurred the most travel costs during the period to further select the highest travel expenditure reimbursed. Compared expense documents to applicable rates.

Exceptions: One travel and expense transaction exceeded the IRS per diem rate per day. One travel and expense transaction exceeded the personnel policy tip rate.

Management's Response: Management will ensure that only travel expenses that comply with written policy will be paid by the Commission.

- b.) Report whether each expense is supported by:

- a. An original itemized receipt that identifies precisely what was purchased.

Performance: Inquired of management of itemized receipts. All travel and expense reimbursements are for mileage reimbursements, other the credit card charges previously tested. Documentation of the business/public purpose was written on the expense reimbursement.

Exceptions: Five travel expenses did not include itemized receipts.

Management's Response: Management will ensure that only travel and expense purchases supported by an original, properly documented, itemized receipt will be paid by the Commission.

- b. Documentation of the business/public purpose.

Performance: Inquired of management of itemized receipts, all travel and expense reimbursements are for mileage reimbursements, other than the credit card charges previously tested. Documentation of the business/public purpose was written on the expense reimbursement.

Houma Terrebonne Airport Commission
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
As of and for the Year Ended December 31, 2017

Exceptions: One receipt did not state the business purpose and one receipt did not document the attendees of the meal.

Management's Response: Management will ensure that only travel and expense purchases supported by a properly documented receipt will be paid by the Commission.

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

Performance: Inspected all documents provided for all travel reimbursements selected.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- 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.

Performance: Inspected the business/public purpose of all travel reimbursements selected and compared them to Article 7, Section 14 of the Louisiana Constitution.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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

Performance: Inspected documentation to find all approvals by management.

Exceptions: There was no evidence that documents were approved or reviewed by management.

Management's Response: Management will ensure that only travel expenses that comply with written policy will be paid by the Commission.

Procedures performed on the Commission's 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.

Houma Terrebonne Airport Commission
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
As of and for the Year Ended December 31, 2017

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

Exception: There were no exceptions noted.

Management's Response: Not applicable.

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 auditor). 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.

Performance: Obtained a listing of contract vendors, and selected five vendors that were paid the most during the year. Inspected written contracts that support the service arrangement and the amount paid. Inquired of management of its contract policies.

Exceptions: Although the Commission has contract policies, the policies are not written.

Management's Response: Management will consider drafting such written policies.

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:

a. If yes, obtain/compare the supporting contract documentation to legal requirements and report whether the Commission complied with all legal requirements.

Performance: Determined that the Commission's contracts complied with Public Bid Law.

Exceptions: Not applicable.

Management's Response: Not applicable.

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

Performance: Determined that three quotes were received.

Exceptions: Not applicable.

Management's Response: Not applicable.

c.) Report whether the contract was amended. If so, report the scope and dollar

Houma Terrebonne Airport Commission
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
As of and for the Year Ended December 31, 2017

amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Performance: Inspected one construction contract that was amended three times during the year. The contractual terms were not amended, the dollar amounts were amended, from original amount of \$1,360,318 to \$1,537,226.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

Performance: Inspected the invoice and compared to the written contract information. The invoice and related payment complied with the terms of the contract.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- e.) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law.

Performance: Inspected board meeting minutes and confirmed the board approved the contract and the work performed.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Commission's payroll and personnel:

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

Performance: Observed the listing of employees with their related salaries from management, and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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

Houma Terrebonne Airport Commission
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
As of and for the Year Ended December 31, 2017

Performance: Compared compensation in the salary schedules with payments made to employees during the fiscal year.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- 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.

Performance: Traced hourly rate changes during the period to personnel files, where they were approved in writing.

Exception: There were no exceptions noted.

Management's Response: Not applicable.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee if the entity had less than 25 employees during the fiscal period, and:

- a.) Report whether all selected employees documented their daily attendance and leave.

Performance: Randomly selected one pay period to test leave taken during the period. Inspected all daily attendance and leave records for proper documentation.

Exception: There were no exceptions noted.

Management's Response: Not applicable.

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

Performance: Reviewed attendance and leave records.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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

Performance: Inquired and confirmed that the Commission maintains written leave records for each employee eligible for paid leave.

Exceptions: There were no exceptions noted.

Houma Terrebonne Airport Commission
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
As of and for the Year Ended December 31, 2017
Management's Response: Not applicable.

24. Obtain from management a list of those employees 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.

Performance: Requested a list of employees terminated during the period. None noted.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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.

Performance: Determined that all payroll reporting forms, tax payments, and retirement contributions were timely made.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

Procedures performed on the Ethics:

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 Commission maintained documentation to demonstrate that required ethics training was completed.

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

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

27. Inquire of management whether any alleged ethics violations were reported to the Commission 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 Commission's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the

Houma Terrebonne Airport Commission
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
As of and for the Year Ended December 31, 2017

allegations were addressed in accordance with policy.

Performance: Inquired of management of any ethics violations, none were noted.

Exception: There were no exceptions noted.

Management's Response: Not applicable.

Procedures performed on the Commission's debt service:

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

Performance: Inquired of management of as to debt issued during the year. None was noted.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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

Performance: Reviewed supporting documentation and determined that the Commission timely made scheduled debt service payments.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

30. If the Commission 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.

Performance: Not applicable.

Exceptions: Not applicable.

Management's Response: Not applicable.

Other Procedures performed on the Commission:

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 Commission reported the misappropriation to the legislative auditor and the commission attorney of the parish in which the Commission is domiciled.

Houma Terrebonne Airport Commission
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
As of and for the Year Ended December 31, 2017

Performance: Inquired of management of any misappropriations of public funds or assets, none were noted.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

32. Observe and report whether the Commission has posted on its premises and website, the notice required by R.S. 24:523.1. This notice concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

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

Exceptions: The notice is not posted to the Commission's website.

Management's Response: Management will post the notice to their website.

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

Performance: Inspected all procedures, and the results of such procedures and determined if any exceptions to management's representations existed.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.