

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated
Government

Annual Financial Report
As of and for the
Year Ended December 31, 2019

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Annual Financial Report
As of and for the Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Houma-Terrebonne Airport Commission (the Commission), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2019, 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, 2019, 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 pages 24 and 25 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 14, 2020, 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 14, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis
December 31, 2019

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, 2019.

FINANCIAL HIGHLIGHTS

- Houma-Terrebonne Airport Commission's assets exceeded its liabilities by \$35,944,151 (net position) as of December 31, 2019.
- The Commission's total net position increased by \$1,428,363.
- The Houma-Terrebonne Airport Commission received federal, state, and other contributions totaling \$1,210,258 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, 2019

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 \$35,944,151 at the close of the most recent year, December 31, 2019. The largest portion of HTAC's total assets is cash and investments (22%) and net capital assets (78%).

HTAC's Net Position

- Total assets increased by \$1,229,606 and total liabilities decreased by \$198,757.
- The increase in assets is attributable to an increase in net capital assets of \$1,140,829.

	December 31,	
	2019	2018
ASSETS		
Current assets		
Cash and investments	\$ 8,128,260	\$ 8,087,926
Other	120,829	72,386
Capital assets, net of accumulated depreciation	29,367,033	28,226,204
Total assets	<u>37,616,122</u>	<u>36,386,516</u>
LIABILITIES		
Current liabilities	157,990	130,794
Bond payable		
Due within one year	234,107	225,953
Due in more than one year	1,279,874	1,513,981
Total liabilities	<u>1,671,971</u>	<u>1,870,728</u>
NET POSITION		
Net investment in capital assets	27,853,052	26,486,270
Unrestricted	8,091,099	8,029,518
	<u>\$ 35,944,151</u>	<u>\$ 34,515,788</u>

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis
December 31, 2019

During the year, HTAC's net position increased by \$1,428,363. The elements of the increase are as follows:

HTAC's Changes in Net Position

	Year Ended December 31,	
	2019	2018
OPERATING REVENUES		
Rents and leases	\$ 1,856,717	\$ 1,766,922
Commissions on fuel	285,115	264,083
Total operating revenues	<u>2,141,832</u>	<u>2,031,005</u>
OPERATING EXPENSES		
Personnel services	761,075	749,288
Contractual services	185,851	288,354
Repairs and maintenance	167,767	177,362
Other expenses	38,449	235,321
Supplies and materials	63,840	66,025
Depreciation expense	967,879	945,194
Total operating expenses	<u>2,184,861</u>	<u>2,461,544</u>
OPERATING LOSS	<u>(43,029)</u>	<u>(430,539)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	178,016	183,023
Interest expense	(58,113)	(65,970)
Unrealized appreciation (depreciation) on investment valuation	175,856	(19,868)
Gain on disposal of assets	2,188	-
Loss on sale of investments	(36,813)	(34,139)
Total nonoperating revenues (expenses)	<u>261,134</u>	<u>63,046</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	218,105	(367,493)
CAPITAL CONTRIBUTIONS	<u>1,210,258</u>	<u>74,686</u>
CHANGE IN NET POSITION	<u>\$ 1,428,363</u>	<u>\$ (292,807)</u>

As indicated above, net position increased by \$1,428,363. This increase is primarily due to an increase in capital contributions from other governments, a decrease in other expenses, and an increase in unrealized appreciation on investment valuation. The capital contributions consist of federal, state, and local funds for Blimp Road Sewer Improvement, FOD Boss Replacement, LED Lighting Installation and Systems Upgrade, and Taxiway K projects.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis
December 31, 2019

HTAC's Cash Flows

	Year Ended December 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from tenants	\$ 1,852,195	\$ 1,775,091
Cash received from other sources	285,115	264,083
Cash paid to employees and suppliers	(1,055,663)	(1,514,294)
Net cash flows provided by operating activities	1,081,647	524,880
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,408,811)	(1,512,644)
Proceeds from sales of investments	2,067,678	1,446,891
Investment income	141,203	148,884
Net cash flows provided by (used in) investing activities	(199,930)	83,131
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(2,108,708)	(361,972)
Capital contributions from other governments	1,210,258	245,456
Principal payments on bond payable	(225,954)	(218,097)
Interest payments on bond payable	(58,113)	(65,970)
Net cash flows used in capital and related financing activities	(1,182,517)	(400,583)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (300,800)	\$ 207,428

REQUEST FOR INFORMATION

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

FINANCIAL STATEMENTS

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

Statement of Net Position
December 31, 2019

ASSETS

Current assets

Cash and cash equivalents	\$ 1,120,402
Investments	7,007,858
Accounts receivable	5,137
Due from other governmental units	13,595
Prepaid insurance	102,097
Total current assets	<u>8,249,089</u>

Capital assets, net of accumulated
depreciation of \$17,124,450

29,367,033

TOTAL ASSETS

37,616,122

LIABILITIES

Accounts payable and accrued expenses	37,081
Unearned revenues	120,909
Bond payable	
Due within one year	234,107
Due in more than one year	<u>1,279,874</u>

TOTAL LIABILITIES

1,671,971

NET POSITION

Net investment in capital assets	27,853,052
Unrestricted	<u>8,091,099</u>

TOTAL NET POSITION

\$ 35,944,151

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, 2019

OPERATING REVENUES

Rents and leases	\$ 1,856,717
Commissions on fuel	285,115
Total operating revenues	<u>2,141,832</u>

OPERATING EXPENSES

Personal services	761,075
Contractual services	185,851
Repairs and maintenance	167,767
Other expenses	38,449
Supplies and materials	63,840
Depreciation expense	967,879
Total operating expenses	<u>2,184,861</u>

OPERATING LOSS	<u>(43,029)</u>
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NONOPERATING REVENUES (EXPENSES)

Interest income	178,016
Interest expense	(58,113)
Unrealized appreciation on investment valuation	175,856
Gain on disposal of assets	2,188
Loss on sale of investments	(36,813)
Total nonoperating revenues (expenses)	<u>261,134</u>

INCOME BEFORE CONTRIBUTIONS	218,105
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CAPITAL CONTRIBUTIONS FROM OTHER GOVERNMENTS	<u>1,210,258</u>
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CHANGE IN NET POSITION	1,428,363
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NET POSITION AT BEGINNING OF YEAR	<u>34,515,788</u>
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NET POSITION AT END OF YEAR	<u><u>\$ 35,944,151</u></u>
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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, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from tenants	\$ 1,852,195
Cash received from other sources	285,115
Cash paid to employees and suppliers	<u>(1,055,663)</u>
Net cash flows provided by operating activities	<u>1,081,647</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(2,408,811)
Proceeds from sales/redemptions of investments	2,067,678
Investment income received	<u>141,203</u>
Net cash flows used in investing activities	<u>(199,930)</u>

CASH FLOWS FROM CAPITAL AND RELATED

FINANCING ACTIVITIES

Purchases of capital assets	(2,108,708)
Capital contributions from other governments	1,210,258
Principal payments on bond payable	(225,954)
Interest payments on bond payable	<u>(58,113)</u>
Net cash used in capital and related financing activities	<u>(1,182,517)</u>

Net decrease in cash and cash equivalents	(300,800)
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CASH AND CASH EQUIVALENTS, beginning	<u>1,421,202</u>
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CASH AND CASH EQUIVALENTS, ending	<u><u>\$ 1,120,402</u></u>
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**RECONCILIATION OF OPERATING LOSS TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating loss	\$ (43,029)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	967,879
Unrealized net appreciation on investment valuation	175,856
Gain on disposal of assets	2,188
Increase in:	
Accounts receivable	(4,523)
Prepaid insurance	(43,920)
Increase (decrease) in:	
Accounts payable and accrued expenses	(632)
Unearned revenues	<u>27,828</u>
Net cash flows provided by operating activities	<u><u>\$ 1,081,647</u></u>

See accompanying notes.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
For the Year Ended December 31, 2019

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 70,000 aircraft movements each year. Direct flight line and parking apron access is available on approximately 600 leasable acres. Hard-surfaced roads, access to major highways, water canals, and port facilities, are readily available.

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

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

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
For the Year Ended December 31, 2019

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, 2019, the Commission holds investments as follows:

	<u>Cost</u>	<u>Market Value</u>
US Treasury Notes	\$ 4,183,082	\$ 4,225,972
Federal National Mortgage Assoc.	1,604,834	1,599,534
Federal Home Loan Mortgage Corp.	983,012	982,152
Louisiana Go Bonds	204,582	200,200
	<u>\$ 6,975,510</u>	<u>\$ 7,007,858</u>

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
For the Year Ended December 31, 2019

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, 2019, the Commission had no material accounts that were deemed unlikely of collection.

F. CAPITAL ASSETS

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

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

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

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

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

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
For the Year Ended December 31, 2019

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

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

Long-term liabilities are recognized within the Enterprise Fund.

G. NET POSITION

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

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

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

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

H. VACATION AND SICK LEAVE

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

In addition, employees are granted 10 days of sick leave each year. A maximum of 10 days of unused vacation leave may be carried forward from year to year. Sick leave can be accumulated not to exceed 90 days. Upon separation of employment, employees are compensated for accumulated vacation leave at the employee's current rate of pay. Employees retiring with more than 10 years of service are compensated for unused vacation time and 50 percent of the accumulated sick leave to a maximum of 45 days. As of December 31, 2019, employees of the Airport Commission have accumulated \$21,859 of employee leave benefits.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
For the Year Ended December 31, 2019

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

I. ESTIMATES

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

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

N. RECENT PRONOUNCEMENT

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

It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Management has not yet determined the effect of this Statement on the financial statements.

NOTE 2 – DEPOSITS AND INVESTMENTS

Bank Deposits:

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

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

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
For the Year Ended December 31, 2019

NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)

The year-end balance of deposits is as follows:

	<u>Bank Balance</u>	<u>Reported Amount</u>
Cash and cash equivalents	\$ 1,177,644	\$ 1,076,076

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, 2019, \$927,644 of the Commission's bank balance of \$1,177,644 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, 2019, cash was adequately collateralized in accordance with state law by federal deposit insurance and securities held by an unaffiliated bank for the account of the Commission. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

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

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
For the Year Ended December 31, 2019

NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)

As of December 31, 2019, the Commission had the following investments and maturities:

Investment Type	Investment Maturities (in Years)			
	Fair Value	Less Than 1	1-5	5 or more
U.S. Treasury Note	\$ 4,225,972	\$ 175,368	\$ 1,953,828	\$ 2,096,776
Federal National Mortgage Association (FNMA) Notes	1,599,534	-	375,162	1,224,372
Federal Home Loan Mortgage Corporation (FHLMC) Notes	982,152	-	604,727	377,425
Louisiana State Go Bonds	200,200	200,200	-	-
Totals	<u>\$ 7,007,858</u>	<u>\$ 375,568</u>	<u>\$ 2,933,717</u>	<u>\$ 3,698,573</u>

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

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

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

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
For the Year Ended December 31, 2019

NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)

During the year ended December 31, 2019, the Commission recognized \$175,856 of unrealized appreciation on such investments.

Included in investments are deposits in a government security backed money market fund, the total cost and market value of which equaled \$44,326 at December 31, 2019.

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

Reported amount of deposits	\$ 1,076,076
Reported amount of investments	<u>7,052,184</u>
Total	<u>\$ 8,128,260</u>
Cash and cash equivalents	\$ 1,120,402
Investments	<u>7,007,858</u>
Total	<u>\$ 8,128,260</u>

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
For the Year Ended December 31, 2019

NOTE 3 – CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Capital assets, not being depreciated:				
Land	\$ 1,069,079	\$ -	\$ -	\$ 1,069,079
Capital assets, being depreciated:				
Buildings	2,188,841	11,096	-	2,199,937
Improvements other than buildings	36,341,458	339,978	-	36,681,436
Furniture and equipment	838,137	42,170	-	880,307
Construction in progress	3,945,260	1,998,181	(282,717)	5,660,724
	<u>43,313,696</u>	<u>2,391,425</u>	<u>(282,717)</u>	<u>45,422,404</u>
Less accumulated depreciation:				
Buildings	(647,911)	(45,142)	-	(693,053)
Improvements other than buildings	(14,853,060)	(847,478)	-	(15,700,538)
Furniture and equipment	(655,600)	(75,259)	-	(730,859)
Total accumulated depreciation	<u>(16,156,571)</u>	<u>(967,879)</u>	<u>-</u>	<u>(17,124,450)</u>
Total capital assets being depreciated, net	<u>27,157,125</u>	<u>1,423,546</u>	<u>(282,717)</u>	<u>28,297,954</u>
Capital assets, net	<u>\$ 28,226,204</u>	<u>\$ 1,423,546</u>	<u>\$ (282,717)</u>	<u>\$ 29,367,033</u>

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
For the Year Ended December 31, 2019

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, 2019 is \$1,513,981.

Maturities of long-term debt are as follows:

<u>Year Ending December 31,</u>	
2020	\$ 234,107
2021	242,554
2022	251,306
2023	260,374
2024	269,769
2025	<u>255,871</u>
	<u>\$ 1,513,981</u>

NOTE 5 – CAPITAL CONTRIBUTIONS FROM OTHER GOVERNMENTS

During the year ended December 31, 2019, the Airport Commission received capital contributions from the following governments:

Louisiana Department of Transportation	\$ 957,299
United States of America/Federal Aviation Administration	241,890
Other	<u>11,069</u>
	<u>\$ 1,210,258</u>

These contributions were designated for use in the Blimp Road Sewer Improvement, FOD Boss Replacement, LED Lighting Installation and Systems Upgrade, and Taxiway K projects.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
For the Year Ended December 31, 2019

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 \$23,275 for a total contributed of \$46,550.

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, 2019.

NOTE 8 – LEASES

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

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
For the Year Ended December 31, 2019

NOTE 8 – LEASES (Cont.)

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

<u>Year Ending December 31,</u>	
2020	\$ 1,294,718
2021	1,064,689
2022	774,743
2023	623,270
2024	623,270
Thereafter	<u>9,122,153</u>
	<u>\$ 13,502,843</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, 2019:

Mr. Mike Kreller, Chairman	\$ 4,200
Mr. John B. Watson	1,840
Mr. Joshua Alford, Secretary/Treasurer	1,840
Mr. Derrick A. Miller	1,760
Mr. Robert J. Landry, Vice-Chairman	1,040
Mr. Lloyd J. Geist, Jr.	640
Mr. Edward L. Marmande	480
Mr. Carleton Casey	<u>400</u>
Total	<u>\$ 12,200</u>

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
For the Year Ended December 31, 2019

NOTE 10 – RISK MANAGEMENT

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

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events were evaluated through May 14, 2020, 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, 2019

Agency Head Name: Joseph Wheeler, Executive Director
January 1, 2019 – May 5, 2019

Purpose	Amount
Salary	\$ 42,464
Benefits - insurance	7,793
Benefits - retirement	1,732
Deferred compensation	-
Benefits - other	-
Car allowance/automobile expense	-
Vehicle provided by government	1,400
Per diem	-
Reimbursements	-
Travel	3,372
Registration fees	1,280
Conference travel	9,977
Continuing professional education fees	-
Housing	3,519
Unvouchered expenses	-
Special meals	1,806

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

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, 2019

Agency Head Name: Myrden Pellegrin, Executive Director
May 6, 2019 - Present

Purpose	Amount
Salary	\$ 59,019
Benefits - insurance	-
Benefits - retirement	1,875
Deferred compensation	-
Benefits - other	583
Car allowance/automobile expense	4,800
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	1,414
Registration fees	3,795
Conference travel	7,975
Continuing professional education fees	-
Housing	494
Unvouchered expenses	-
Special meals	2,273

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

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

**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, 2019, and the related notes to the financial statements, which collectively comprise the Commission's financial statements, and have issued our report thereon dated May 14, 2020.

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.



Houma, Louisiana
May 14, 2020

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Schedule of Findings and Responses
As of and for the Year Ended December 31, 2019

Section I – Summary of Auditor’s Results

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

Section II – Financial Statement Findings

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

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

This section is not applicable.

Houma-Terrebonne Airport Commission
Terrebonne Parish Consolidated Government

Schedule of Prior Findings and Responses
As of and for the Year Ended December 31, 2019

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, 2018.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2018.

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.

**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, 2019. 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 attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are described on pages 31-44.

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

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 14, 2020

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, 2019

The required procedures and our findings are as follows:

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

Written Policies and Procedures

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

- a) Budgeting, including preparing, adopting, monitoring, and amending the budget

Performance: 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 adopting 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 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 adopting such written policies.

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

Performance: Inquired 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 adopting such written policies.

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

Performance: Inquired management of its written policy for receipts.

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

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, 2019

Management's response: Management will consider adopting such written policies.

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

Performance: Obtained and reviewed the written policy for payroll/personnel and found it to contain the elements included 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 adopting 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 of statements, and (5) monitoring card usage

Performance: Obtained and read the written policy for credit cards and found it contained all requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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, 2019

Performance: Obtained and read the ethics policy.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inquired 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 adopting such written policies.

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

Performance: Determined if the Commission has a written policy to address disaster recovery/business continuity.

Exceptions: The Commission does not have such a written policy.

Management's response: Management will consider drafting a policy to address disaster recovery/business continuity.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) Observe that the minutes referenced or included monthly budget-to-actual comparisons, as well as monthly financial statements.

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, 2019

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

Performance: Determined that the procedures under #2 could be excluded as the Commission did not have any exceptions in the Board or Finance Committee category in the prior year.

Bank Reconciliations

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

Performance: Obtained a listing of client bank accounts and received management's representation that the list is complete. Randomly inspected one monthly bank reconciliation for each applicable account, including the main operating account.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated, electronically logged);

Performance: Inspected bank reconciliations for evidence that they were prepared within two months of the related statement closing date.

Exceptions: While the bank reconciliations were initialed, they were not dated and, therefore, showed no evidence of being completed within two months of the related statement closing date.

Management's response: Management will date bank reconciliations upon completion.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged);

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, 2019

Performance: Inspected each randomly selected bank reconciliation for management approval.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Performance: Determined that there were no outstanding items for more than 12 months.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Collections

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Performance: Observed the listing of collection locations from management and received management's representation in a separate letter. Determined that there was only one collection location for which to inspect written policies and procedures relating to employee job duties.

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, 2019

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

Performance: Determined that cash is kept in a petty cash box and/or in a file cabinet.

Exceptions: There is a petty cash box and a file cabinet that are both maintained by multiple employees.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected policy manuals and inquired of client to ensure separation of duties for those employees collecting cash and those employees reconciling cash collections to the general ledger and/or subsidiary ledgers.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

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, 2019

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Determined that two of the three bank accounts only included interest income and/or direct transfers and, therefore, did not need to be tested. Determined that sequentially pre-numbered receipts are used for cash deposits only and that the deposits from the two deposit dates included sequentially pre-numbered receipts.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected deposits from two random deposit dates to determine if they had collection documentation that agreed to the respective deposit slips.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than ten miles from the collection location or the deposit is less than \$100).

Performance: Determined if deposits from two random dates were deposited within one business day of receipt.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five locations (or all locations if less than five).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties, and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction and:

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- a) Observe that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Performance: Determined that the procedures under #8-10 could be excluded as the Commission did not have any exceptions in the Non-Payroll Disbursements category in the prior year.

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

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

Performance: Observed 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.

12. Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

Performance: Observed written approvals of credit card transactions.

Exceptions: 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) Observe that finance charges and late fees were not assessed on the selected statements.

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Performance: Traced selected credit card statements to determine if any finance charges or late fees were applied to balances.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Performance: Observed whether randomly selected credit card transactions were supported by the items listed above.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

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

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

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Performance: Determined that no travel reimbursements were paid on a per diem basis.

Exceptions: Not applicable.

Management's response: Not applicable.

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

Performance: Determined that all travel reimbursements were supported by an original itemized receipt that identifies precisely what was purchased.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Performance: Determined if the travel reimbursement was supported by documentation of the business/public purpose and other documentation required by written policy.

Exceptions: Five receipts tested did not include business purpose documentation.

Management's response: Management will include the respective event/business purpose on each receipt in the future.

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

Performance: Determined that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Exceptions: There was no evidence that the reimbursement was 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.

Contracts

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

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

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Performance: Determined that the procedures under #15 could be excluded as the Commission did not have any exceptions in the Contracts category in Year 1 and was thereby exempt in Years 2 and 3.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the five employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Performance: Determined that the procedures under numbers 16 through 19 could be excluded as the Commission did not have any exceptions in the Payroll and Personnel category in Year 1 and was thereby exempt in Years 2 and 3.

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Ethics

20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the Commission's ethics policy during the fiscal period.

Performance: Determined that the procedures under #20 could be excluded as the Commission did not have any exceptions in the Ethics category in Year 1 and was thereby exempt in Years 2 and 3.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Performance: Determined that the procedures under #21 and #22 could be excluded as the Commission did not have any exceptions in the Debt Service category in Year 1 and was thereby exempt in Years 2 and 3.

Other

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

Performance: Received management's representation that there were no misappropriations of public funds or assets during the fiscal period.
Exceptions: There were no exceptions noted.

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Management's responses: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.