

Component Unit Financial Statements and
Report of Independent Auditors'

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

December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the Airport Authority for Airport District #1 of Calcasieu Parish, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Airport Authority for Airport District #1 of Calcasieu Parish'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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Airport Authority District #1 of Calcasieu Parish as of December 31, 2020 and 2019, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10, the pension liability information on pages 44 through 45 and the OPEB liability information on page 46 be presented to supplement the basic financial statements. Such information, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Airport Authority District #1 of Calcasieu Parish's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 my opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 30, 2021, on my consideration of the Airport Authority District #1 of Calcasieu Parish's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport Authority District #1 of Calcasieu Parish's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport Authority District #1 of Calcasieu Parish's internal control over financial reporting and compliance.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
June 30, 2021

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Using This Annual Report

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

Overview of the year 2020

I am pleased to present this Annual Report on the activities and progress of the Lake Charles Regional Airport. I typically begin my year-end report with something to the effect of the report representing progress and success. Unfortunately, this is not a typical year-end report and 2020 has been anything but a typical year. Undoubtedly, success is a relative term as we sit here today. I suppose success in 2020 would be that we are indeed all still here and healthy while many of our fellow Americans are not. It could also be that our Airport is fully operational – even if much of our infrastructure has been devastated by the effects of not one but two hurricanes. That is about as far as I can go in speaking of any great success in 2020. I would rather, and will, focus on our bright future than entirely on a year that we would all rather forget.

FY2020 and 2021 represents arguably the most uncertain time in the Airport's history. As I type this, we are in the midst of an unprecedented Global pandemic which has decimated the World economy and has fundamentally changed the commercial aviation industry – possibly for the foreseeable future. Travel demand remains depressed at levels far below recent years. This has caused one of the Airport's two air carriers to temporarily pause air service to the Region. As this is happening, we are now dealing with the devastating impacts of two hurricanes, including the most powerful storm to hit our area in over 150 years. Seventy percent of the Airport's hangar infrastructure at LCH has been destroyed, and virtually all buildings on Airport property sustained moderate to major damage. Any one of these major disasters would make it difficult to accurately make predictions for 2021. All these issues combined make for a nearly impossible planning environment. Indeed, we have a unique challenge before us, but where there is difficulty, there also lies opportunity.

With that being said, the Airport was on solid financial ground as these disasters came to fruition, and it remains that way today. We have always made it our goal to maintain twelve months of operating expenses in reserve for a rainy day... and rain, it did. Our conservative approach to finances has enabled us to carry out our mission uninterrupted and has placed the Airport in an opportunistic position to receive significant Federal relief assistance because of the COVID-19 pandemic. While the Airport would have survived without this relief, it would have been extremely uncomfortable with painful cuts necessary. This welcome relief provides a tremendous backstop and allows us additional time with which to adjust our business plan to deal with the new uncertainties that exist today.

Total revenues are expected to increase significantly in FY2021, even though certain line items will decrease. This total increase can be attributed largely to the CARES and SCASD grants the Airport received in 2020. Given that the Airport maintained a positive cash position and had no debt, the Airport qualified for a significant amount of Federal CARES relief aid as the Legislatively directed distribution formula awarded those airports that were positioned to "take care of themselves". In addition to the CARES funding, the Airport also received a \$200,000 Small Community Air Service Development (SCASD) grant of which half will be used for marketing in 2021. The Airport also led the fight alongside our colleagues in the State to save the State's Air Carrier Maintenance Reimbursement program which provides a \$100,000 reimbursement to airports for eligible costs. In short, even with all the challenges, the Airport is in the best financial position that it has ever been entering 2021.

The Airport will, however, see a general decline in rents and other revenues due to the loss of available hangar lease space and a depressed travel environment, which erodes those revenues generated by commercial air travel. Likewise, we have planned for a ten percent decrease in the Airport's ad valorem because of the impacts of Hurricanes Laura and Delta on assessed property values in Calcasieu Parish. Fortunately, as previously mentioned, the Airport has prepared for this by saving for a rainy day and by maintaining a diversified set of revenue streams with only 4% of our projected 2021 revenue being generated directly by the airlines.

Even as changes occur, public safety must always remain our number one priority. This is evidenced by the significant expenses related to our Airport Rescue and Firefighting Department (ARFF) and contracted law enforcement (CPSO).

Indeed, it has been a rough go for our Region, but there are silver linings and sometimes things must get worse before they can get better. These challenges have galvanized my resolve to affect a renaissance and bring LCH back stronger than ever.

In closing, I want to thank our Board of Commissioners for their continued support and guidance. Even though you are dealing with your own issues related to your homes and businesses, you still have given your time to ensure that the Airport was taken care of. Thanks to our consultants who work hard on behalf of the Lake Charles Regional Airport. This year, and in the coming years more so than others, we will rely on our team of consultants. Last, but certainly not least, thanks to our employees. They have continued to come to work every day to serve the general public despite concerns over their health and wellbeing and in some cases, not having homes to return to when the workday is done. As you know, the tasks associated with running and rebuilding a certified commercial airport cannot be accomplished remotely. They are a special group of individuals indeed. I look forward to working with all of you as we continue to execute our plan to make LCH the best that it can be.

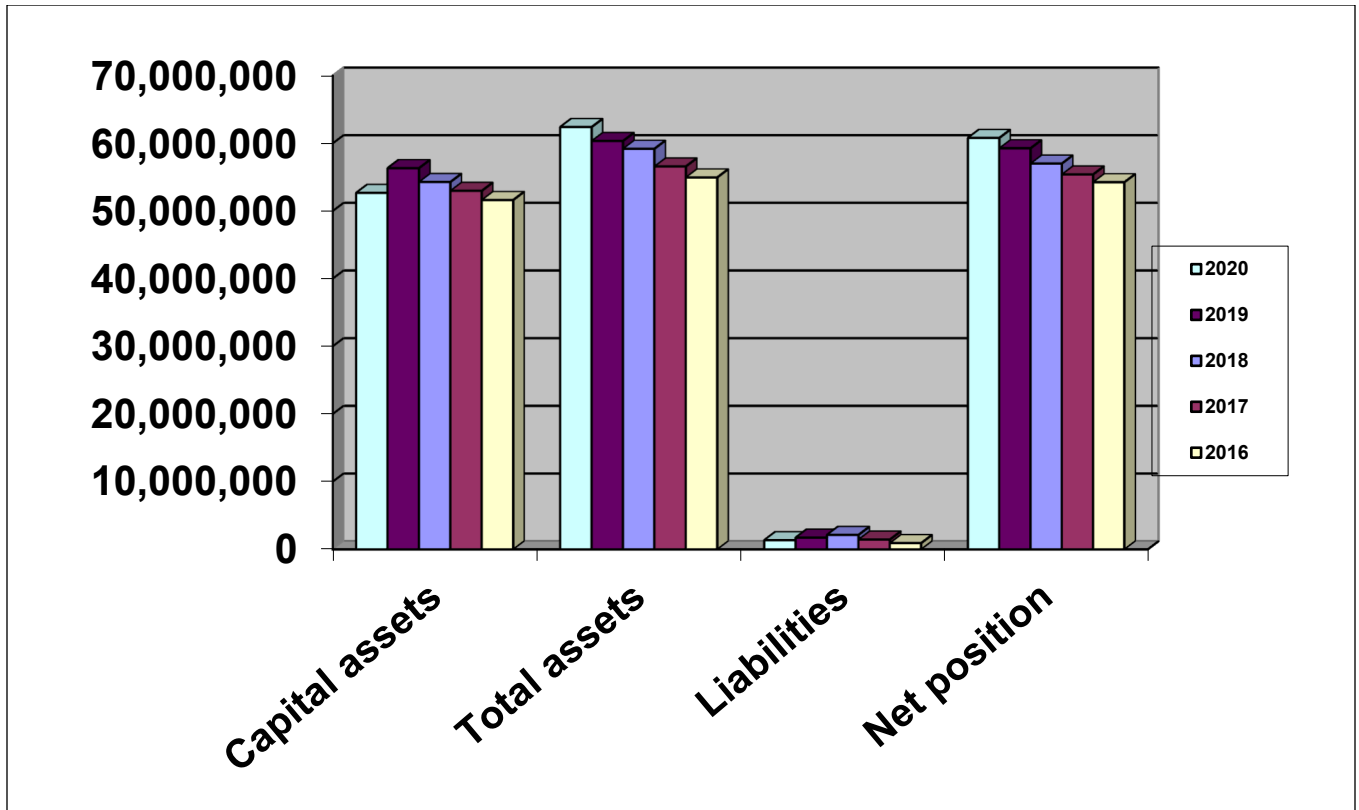
Financial Highlights

As of December 31, 2020, the Airport's net position has increased to \$60.8 million from \$59.3 million at December 31, 2019. This increase is due mostly to the net gain from hurricane insurance claims to the airport. This year's significant capital additions were:

- Sanitary sewer improvements \$ 3,547,178
- PFC Parking lot improvements \$ 176,477

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

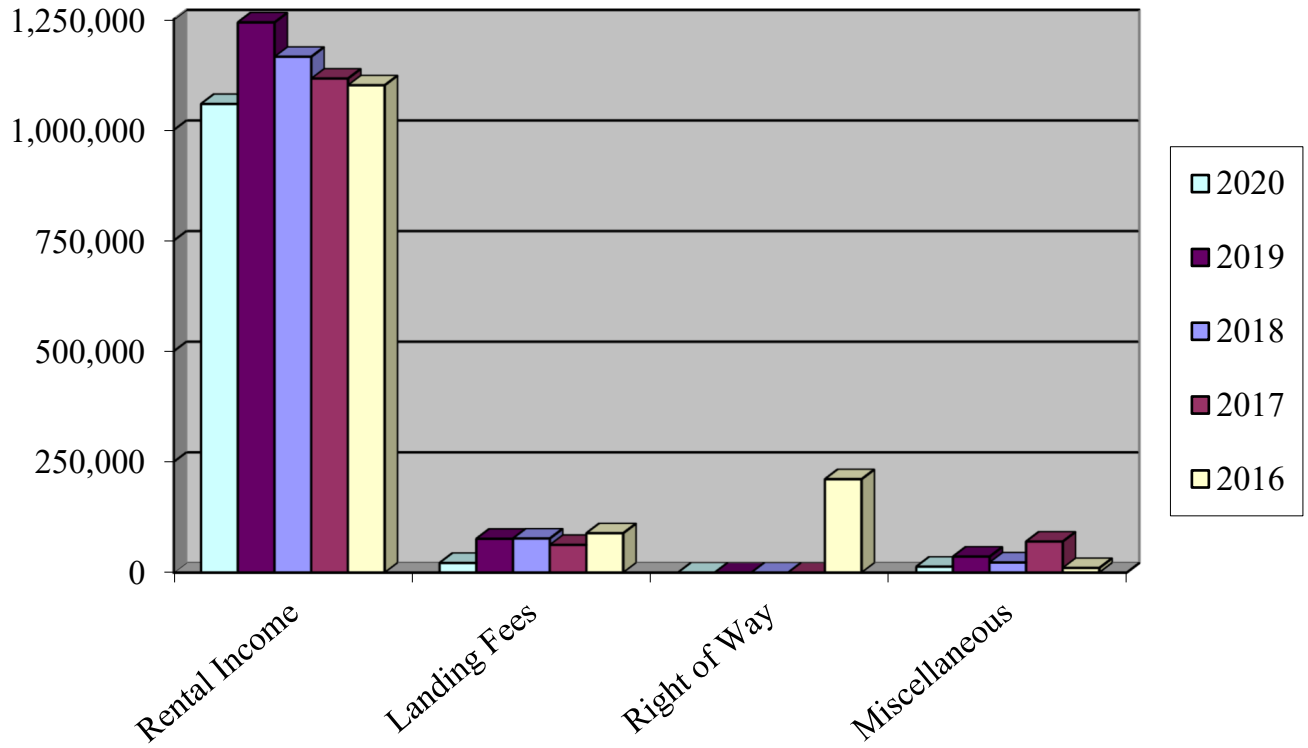
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current assets	\$8,868,907	\$3,245,747	\$4,560,141
Restricted cash	1,051,276	775,067	355,661
Capital assets, net of accumulated depreciation	<u>52,670,142</u>	<u>56,332,924</u>	<u>54,282,422</u>
Total assets	62,408,325	60,353,738	59,198,224
Deferred outflows	<u>189,244</u>	<u>681,629</u>	<u>190,549</u>
Total assets and deferred outflows	62,597,569	61,035,367	59,388,773
Other liabilities	708,956	356,031	1,600,760
Long-term liabilities	<u>641,952</u>	<u>1,374,218</u>	<u>528,881</u>
Total liabilities	1,350,908	1,730,249	2,129,641
Deferred inflows	<u>446,322</u>	<u>34,086</u>	<u>252,385</u>
Net Position:			
Net investment in capital assets	52,289,463	56,135,676	52,823,446
Restricted- PFC projects	239,833	156,156	84,427
Restricted- CFC projects	851,500	703,592	357,511
Unrestricted	<u>7,419,543</u>	<u>2,275,607</u>	<u>3,741,363</u>
Total net position	<u>\$60,800,339</u>	<u>\$59,271,031</u>	<u>\$57,006,747</u>

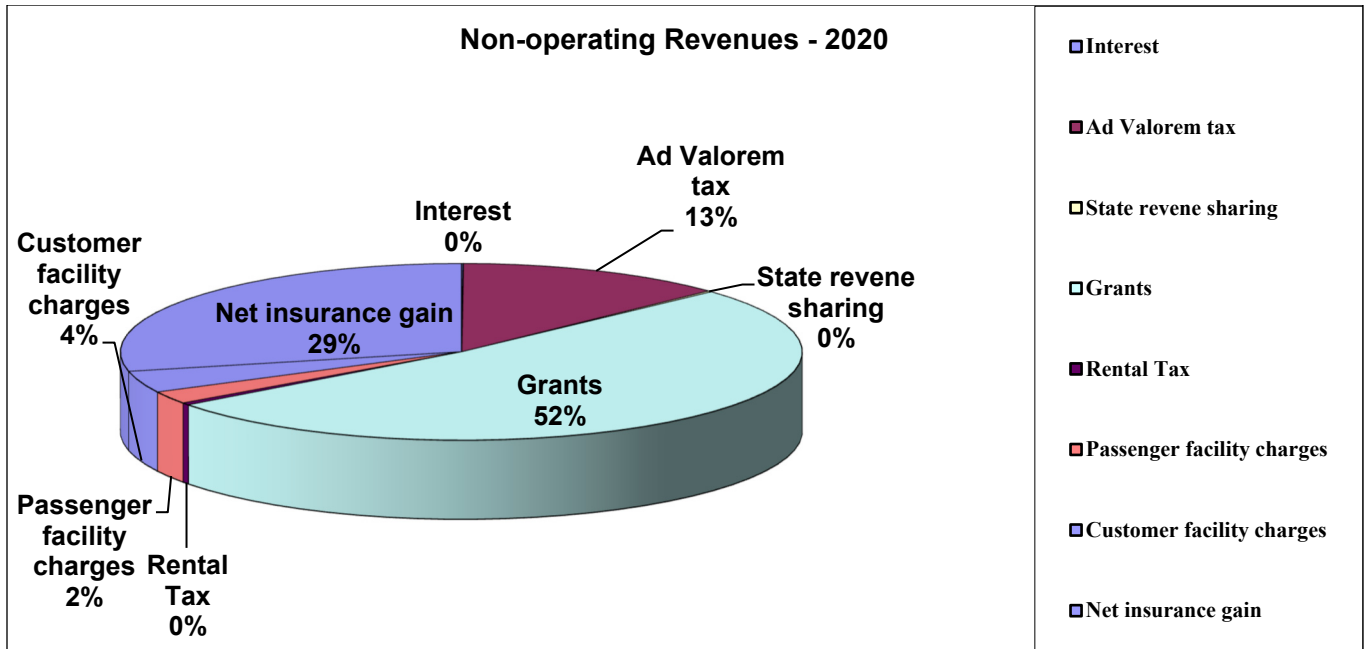


During 2020, Operating revenues decreased approximately \$260,000 from last year. Total expenses (before depreciation) increased by approximately \$1,970,000 with the majority of the increase coming from hurricane restoration costs.

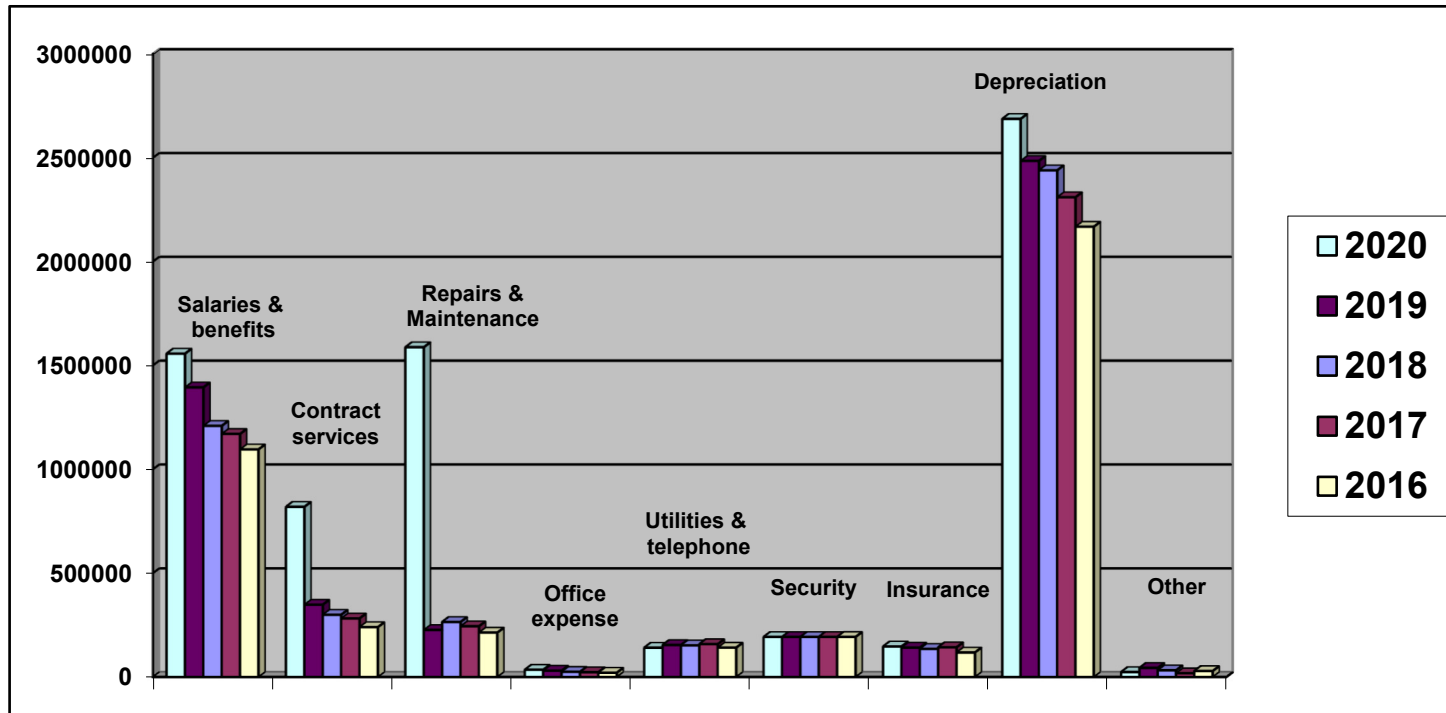
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 1,094,000	\$ 1,355,521	\$ 1,265,290
Operating expenses	<u>7,189,460</u>	<u>5,015,861</u>	<u>4,750,055</u>
Operating (loss)	(6,095,460)	(3,660,340)	(3,484,765)
Non-operating			
Revenues(expenses)	6,397,426	1,567,233	1,487,608
Other revenues	<u>1,227,342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

Operating Revenues (2016-2020)





Operating expenses – 2016-2020



Airport Authority for Airport District #1 of
Calcasieu Parish - Lake Charles, Louisiana
STATEMENTS OF NET POSITION
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 1,445,956.40	\$ 1,718,319.15
Accounts receivable		
Insurance proceeds	5,228,561.13	-
Trade	50,878.01	121,982.19
Advalorem Taxes	824,054.40	870,084.24
State revenue sharing	8,709.75	13,031.73
Federal grants	542,655.48	31,982.00
State grants	517,145.33	369,539.77
Customer facility charges	25,540.00	50,270.00
Passenger facility charges	14,517.14	42,926.53
Total accounts receivable	<u>7,212,061.24</u>	<u>1,499,816.46</u>
Prepaid expense	15,641.85	14,965.12
Prepaid insurance	<u>13,247.72</u>	<u>12,646.04</u>
 Total Current Assets	 8,686,907.21	 3,245,746.77
Noncurrent Assets		
Restricted Cash	1,051,276.40	775,066.81
Capital assets, net of accumulated depreciation	<u>52,670,141.81</u>	<u>56,332,923.97</u>
 Total Noncurrent Assets	 <u>53,721,418.21</u>	 <u>57,107,990.78</u>
 TOTAL ASSETS	 62,408,325.42	 60,353,737.55
 <u>DEFERRED OUTFLOWS</u>		
Deferred outflows of resources related to pensions	189,244.00	504,838.00
Deferred outflows of resources related to OPEB	-	176,791.00
TOTAL DEFERRED OUTFLOWS	<u>189,244.00</u>	<u>681,629.00</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS	 <u>\$ 62,597,569.42</u>	 <u>\$ 61,035,366.55</u>

See notes to the financial statements

Airport Authority for Airport District #1 of
Calcasieu Parish - Lake Charles, Louisiana
STATEMENTS OF NET POSITION
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	\$ 270,775.82	\$ 111,155.60
Construction contract payable	380,679.34	197,248.22
Payable from restricted assets:		
Passenger facility charges	-	8,515.44
Payroll taxes and benefits	27,933.52	10,936.36
Deduction from advalorem taxes for retirement system	<u>29,567.68</u>	<u>28,175.57</u>
Total Current Liabilities	708,956.36	356,031.19
Noncurrent Liabilities		
Security deposit	-	4,000.00
OPEB liability	636,163.00	810,727.00
Net pension liability (asset)	<u>5,789.00</u>	<u>559,491.00</u>
Total Noncurrent Liabilities	<u>641,952.00</u>	<u>1,374,218.00</u>
TOTAL LIABILITIES	1,350,908.36	1,730,249.19
<u>DEFERRED INFLOWS</u>		
Deferred inflows of resources related to pensions	272,227.00	34,086.00
Deferred inflows of resources related to OPEB	<u>174,095.00</u>	<u>-</u>
TOTAL DEFERRED INFLOWS	446,322.00	34,086.00
<u>NET POSITION</u>		
Net investment in capital assets	52,289,462.47	56,135,675.75
Restricted for PFC projects	239,833.34	156,156.05
Restricted for CFC projects	851,500.20	703,591.85
Unrestricted	<u>7,419,543.05</u>	<u>2,275,607.71</u>
TOTAL NET POSITION	<u>60,800,339.06</u>	<u>59,271,031.36</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	<u>\$ 62,597,569.42</u>	<u>\$ 61,035,366.55</u>

See notes to the financial statements

Airport Authority for Airport District #1 of
Calcasieu Parish - Lake Charles, Louisiana
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenues		
Rental income	\$ 1,058,960.96	\$ 1,243,240.13
Landing fees	21,734.70	76,301.86
Miscellaneous	13,304.27	35,979.22
Total operating revenues	<u>1,093,999.93</u>	<u>1,355,521.21</u>
Operating expenses		
Salaries and benefits	1,556,529.42	1,394,242.02
Contractual services	819,169.63	341,070.06
Repairs and maintenance	1,587,580.67	233,459.92
Office expense	34,732.38	30,367.17
Utilities and telephone	140,987.40	153,907.58
Security	192,683.04	192,683.04
Insurance	146,660.40	141,523.01
Depreciation	2,687,294.11	2,484,883.86
Other	23,822.54	43,724.67
Total operating expenses	<u>7,189,459.59</u>	<u>5,015,861.33</u>
Operating income (loss)	(6,095,459.66)	(3,660,340.12)
Nonoperating revenues (expenses)		
Interest	5,310.15	24,584.31
Ad Valorem tax	839,298.72	888,447.67
State revenue sharing	12,993.19	12,861.82
Grants		
Maintenance reimbursement	135,511.82	99,473.43
Security reimbursement	25,155.00	92,305.00
Operating expense reimbursement	3,219,426.75	-
Rental tax	27,341.63	34,783.20
Passenger facility charges	151,273.12	254,469.73
Customer facility charges	259,340.00	380,545.00
Net gain from hurricane insurance claims	1,869,489.50	-
Engineering and professional fees	(118,146.27)	(192,061.52)
Ad Valorem tax deduction	(29,567.68)	(28,175.57)
Total nonoperating revenues (expenses)	<u>6,397,425.93</u>	<u>1,567,233.07</u>
Other revenues		
Capital grants	<u>1,227,341.43</u>	<u>4,357,391.78</u>
Increase (decrease) in net position	1,529,307.70	2,264,284.73
Net position, beginning of year	<u>59,271,031.36</u>	<u>57,006,746.63</u>
Net position, end of year	<u>\$ 60,800,339.06</u>	<u>\$ 59,271,031.36</u>

See notes to the financial statements

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

STATEMENTS OF CASH FLOWS

For the Years Ended December 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash received from charges	\$ 1,165,104.11	\$ 1,342,909.00
Cash received from Ad Valorem taxes	857,152.99	775,628.02
Cash received from grants	2,447,302.81	213,492.07
Cash payments to suppliers for goods and services	(2,787,294.25)	(1,112,311.15)
Cash payments to employees for services	(1,363,177.26)	(1,256,385.92)
Net cash provided (used) by operating activities	319,088.40	(36,667.98)
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(1,889,742.01)	(5,805,635.88)
Funds paid for engineering and professional fees	(118,146.27)	(192,061.52)
Funds (paid) received for refundable deposits	(4,000.00)	-
Insurance proceeds received	41,160.00	-
Funds paid for hurricane impairment	(343,048.20)	-
Cash received from capital grants	1,484,815.46	5,212,703.20
Cash received from customer facility charges	284,070.00	383,850.00
Cash received from passenger facility charges	179,682.51	244,245.45
Rental tax received	27,341.63	34,783.20
State revenue sharing received	17,315.17	12,809.76
Net cash provided (used) by capital and related financing activities	(320,551.71)	(109,305.79)
Cash flows from investing activities:		
Interest on investments	5,310.15	24,584.31
Net cash provided by investing activities	5,310.15	24,584.31
Net increase (decrease) in cash and cash equivalents	3,846.84	(121,389.46)
Cash and cash equivalents, beginning of year	2,493,385.96	2,614,775.42
Cash and cash equivalents, end of year - (including restricted cash of \$1,051,276 and \$775,067 in 2020 and 2019)	\$ 2,497,232.80	\$ 2,493,385.96
Non-cash Investing and financing activities		
Donated Vehicle	\$ -	\$ 7,500.00

See notes to the financial statements

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

STATEMENTS OF CASH FLOWS

For the Years Ended December 2020 and 2019

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

	<u>2020</u>	<u>2019</u>
Operating income (loss)	\$ (6,095,459.66)	\$ (3,660,340.12)
Depreciation	2,687,294.11	2,484,883.86
Nonoperating Ad Valorem taxes	857,152.99	775,628.02
Cash received from grants	2,447,302.81	213,492.07
Changes in assets and liabilities:		
(Increase) decrease in trade accounts receivable	71,104.18	(12,612.21)
(Increase) decrease in prepaid expense	(676.73)	(2,352.86)
(Increase) decrease in prepaid insurance	(601.68)	22,655.63
Increase (decrease) in accounts payable	159,620.22	4,121.53
Increase (decrease) in taxes and benefits payable	16,997.16	1,898.10
Increase (decrease) in accrued OPEB liability	176,322.00	23,721.00
Increase (decrease) in accrued net pension liability	33.00	112,237.00
Total adjustments	<u>6,414,548.06</u>	<u>3,623,672.14</u>
Net cash provided (used) by operating activities	<u>\$ 319,088.40</u>	<u>\$ (36,667.98)</u>

See notes to the financial statements

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE A. ORGANIZATION

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

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

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Basis for Accounting

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

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

2. Budget Policy

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

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3. Capital Assets and Depreciation

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

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

4. Operating Revenues and Expenses

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

5. Rental Income

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

On August 27, 2020, various leased assets were significantly damaged by Hurricane Laura. Due to the damage, the cost of leased assets was reduced by a net book value of \$866,625. The cost of leased building property is \$2,226,102 and the amount of accumulated depreciation as of December 31, 2020 was \$1,101,363. Contingent rentals received for the year ended December 31, 2020 and 2019 were \$270,216 and \$338,989, respectively.

Airport Authority for Airport District #1 of Calcasieu Parish
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December 31, 2020 and 2019

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

<u>Year</u>	<u>Amount</u>
2021	\$ 544,658
2022	491,671
2023	412,246
2024	266,109
2025	<u>24,985</u>
	<u>\$1,739,670</u>

6. Accounts Receivable

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

7. Statement of Cash Flows

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

8. Use of Estimates

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

NOTE C. CASH

Under Louisiana Revised Statutes 39:2955, the Authority may deposit funds in demand deposit accounts, interest bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks, organized under Louisiana Law and National Banks having a principal office in Louisiana. Additionally, Louisiana statutes allow the Authority to invest in United States Treasury obligations, obligations issued or guaranteed by the United States government or federal agencies, and mutual or trust funds register with the Securities and Exchange Commission which have underlying investments consisting solely of and limited to the United States government or its agencies.

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

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NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE C. CASH – Continued

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

At December 31, 2019, the Authority had cash and cash equivalents (book balances) totaling \$2,493,386. Of that balance, \$775,067 is included in Restricted Cash.

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

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

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

At December 31, 2019, the Authority has \$2,524,090 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$2,319,572 of pledged securities held in a custodial bank in the Authority's name.

Interest Rate Risk is the risk that changes in the interest rate will adversely affect the fair value of the investment. At December 31, 2020 and 2019, the Authority did not have investments in any debt instruments.

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

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE D. PENSION PLAN – Continued

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

Eligibility Requirements

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

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

Retirement Benefits

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

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

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

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

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE D. PENSION PLAN – Continued

Survivor Benefits

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

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

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

Deferred Retirement Option Plan

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

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE D. PENSION PLAN - Continued

Disability Benefits

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

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

Cost of Living Increases

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

Employer Contributions

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2019, the actuarially determined contribution rate was 12.18% of member's compensation for Plan A and 7.53% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2020 was 12.25% for Plan A and 7.50% for Plan B. The actual rate for the fiscal year ending December 31, 2019 was 11.50% for Plan A and 7.50% for Plan B.

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

December 31, 2020 and 2019

NOTE D. PENSION PLAN - Continued

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

The payroll for the Authority employees covered by the system for the year ended December 31, 2020 and 2019 was \$852,277 and \$787,185; the Authority’s total payroll and accrued benefits for 2020 and 2019 was \$1,401,720 and \$1,394,242, respectively. The Authority contributed \$104,404 and \$90,526 to the system during the years 2020 and 2019. As of December 31, 2020, the total amount owed to the Parochial Retirement System was \$21,000 for December contributions.

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

At December 31, 2020, the Authority reported underfunding of \$5,789 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer’s proportionate share of the pension amounts.

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

For the year ended December 31, 2020, the Authority recognized pension expense of \$104,460. At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ -	\$ 51,821
Net difference between projected and actual earnings on pension plan investments	-	216,988
Changes in assumptions	80,845	-
Differences between Authority contributions and proportionate share of contributions	3,972	3,418
Authority contributions made subsequent to the measurement date	104,427	-
Total	\$189,244	\$272,227

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

December 31, 2020 and 2019

NOTE D. PENSION PLAN - Continued

The Authority's contributions during the year ended December 31, 2020, reported as deferred outflows, of \$104,427 subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2021	\$ (53,929)
2022	4,443
2023	(97,691)
2024	(40,233)
2025	-
Thereafter	-

Actuarial Methods and Assumptions

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

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2020 are as follows:

Valuation Date	December 31, 2019
Actuarial Cost Method	Plan A - Entry Age Normal Plan B - Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.50%, net of investment exp, with inflation
Increases	Plan A - 4.75% (2.40% Inflation, 2.35% Merit) Plan B - 4.25% (2.40% Inflation, 1.85% Merit)
Mortality Rates:	
Employees:	Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.
Annuitants and beneficiaries:	Pub-2010 Public Retirement Plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.
Disabled retirees:	Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females each with full generational projection using the MP2018 scale.

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

December 31, 2020 and 2019

NOTE D. PENSION PLAN - Continued

Expected Remaining Service Lives 4 years

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

The discount rate used to measure the total pension liability was 6.50% for Plan A and Plan B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.18% for the year ended December 31, 2019.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed income	35%	1.05%
Equity	52%	3.41%
Alternatives	11%	0.61%
Real assets	2%	0.11%
Totals	<u>100%</u>	<u>5.18%</u>
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Return		<u>7.18%</u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE D. PENSION PLAN – Continued

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

Sensitivity to Changes in Discount Rate

The following presents the net pension liability/asset of the participating employers calculated using the discount rate of 6.50%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate.

1% Decrease	Current Discount Rate	1% Increase
5.50%	6.50%	7.50%
Net Pension Liability	Net Pension Liability	Net Pension Asset
\$625,643	\$5,789	\$(513,637)

Retirement System Audit Report

The Parochial Employees' Retirement System of Louisiana has issued a stand-alone audit report on their financial statements for the year ended December 31, 2019. Access to the report can be found on the Louisiana Legislative Auditor's website, www.lla.la.gov.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE E. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE E. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – Continued

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE E. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – Continued

At December 31, 2020, the following employees were covered by the benefit terms:

	<u>Parish</u>	<u>Authority</u>
Active Employees	1,095	19
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	149	2
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	—	—
 Total Covered Employees	<u>1,244</u>	<u>21</u>

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

The total OPEB liability for the January 1, 2020 actuarial valuation, with a measurement date of December 31, 2020, were determined using the following actuarial assumptions and other inputs, unless otherwise specified:

Inflation Rate	Not utilized by the actuary – see discount rate information.
Discount Rate	2.02% using an average of following three 20-year bond indices and rounded to the nearest 0.1%: (a) Bond Byer 20 Bond GO – 2.12%, (b) S&P Municipal Bond 20 Year High Grade Rate Index – 1.93%, and (c) Fidelity GA AA 20 Years – 2.00%. The discount rate of 2.02% was decreased from 2.9% utilized in 2019.
Healthcare Cost Trend Rates	8% for pre-65 and post 65 retirees decreasing .25% per year to an ultimate rate of 4.5% in 2032 and later. The healthcare rate of 8% increased from 7% in 2019
Salary Increases	3.5%
Cost of Living Increases	Not applicable
Mortality Rate Table Used for Current Valuation	The RP 2014 Healthy Male and Female Tables based on the Employee and Healthy Annuitant Tables for both pre and post retirement with mortality improvement using the most current Society of Actuaries Mortality Improvement Scale MP-2019.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE E. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – Continued

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

	Governmental Activities	Total Primary Government	Parish Plan Component Units	Total OPEB Plan
Total OPEB Liability at Beginning of Year	\$32,614,636	\$32,614,636	\$19,065,335	\$51,679,971
Current Period Changes:				
Service Cost	342,216	342,216	201,711	543,927
Interest on Total OPEB Liability	644,951	644,951	380,792	1,025,743
Differences Between Expected and Actual Experience	-	-	-	-
Changes in Assumptions**	8,443,226	8,443,226	(2,153,281)	6,289,945
Benefit Payments	<u>(1,372,615)</u>	<u>(1,372,615)</u>	<u>(428,586)</u>	<u>(1,801,201)</u>
Net Change in Total OPEB Liability	8,057,778	8,057,778	(1,999,364)	6,058,414
Total OPEB Obligation at End of Year – Measurement Date	<u>\$40,672,414</u>	<u>\$40,672,414</u>	<u>\$17,065,971</u>	<u>\$57,738,385</u>

** Changes in assumptions reflect a decrease of .88% in the discount rate from 2.9% for 2019 to 2.02% for 2020

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.02%) or one percentage point higher (3.02%) than the current discount rate of 2.02%:

	1% Decrease (1.02%)	Discount Rate (2.02%)	1% Increase (3.02%)
Total OPEB Liability Parish	\$73,403,376	\$57,738,385	\$46,817,422
Total OPEB Liability Authority	\$808,171	\$636,163	\$515,460

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

	1% Decrease (6%)	Healthcare Cost Trend Rate (7%)	1% Increase (8%)
Total OPEB Liability Parish	\$47,015,628	\$57,738,385	\$73,895,516
Total OPEB Liability Authority	\$517,642	\$636,163	\$823,590

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE E. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – Continued

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

Net OPEB Obligation at December 31, 2019	\$ 810,727
Current Period Changes:	
Service Cost	9,557
Interest on Total OPEB Liability	16,332
Differences Between Expected and Actual Experience	-
Changes in Assumptions	(196,077)
Benefit Payments	(4,376)
Net Change in Total OPEB Liability	(174,564)
Net OPEB Obligation at December 31, 2020	\$ 636,163
Airport Authority’s Proportionate Percentage of Total Parish OPEB Obligation	1.10%
Change in Authority’s OPEB Obligation Since the Prior Measurement Date	0.01%

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended December 31, 2020, the Authority recognized OPEB expense of \$176,322. At December 31, 2020, the following table details the components of the Authority’s deferred outflows and deferred inflows for the current year:

	Deferred Outflows	Deferred Inflows
Difference between actual and expected experience	\$ -	\$ -
Net difference between expected and actual earnings	-	-
Impact due to changes in assumptions	-	<u>174,095</u>
Total	<u>\$ -</u>	<u>\$174,095</u>

Amortization of impact due to changes in assumptions is over 10 years or \$(17,409) per year.

NOTE F. ANNUAL AND SICK LEAVE

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE G. AD VALOREM TAXES

For the year ended December 31, 2020 taxes of .59 mills were levied on property with taxable assessed valuations of \$1,603,455,294 and were dedicated to the operation and maintenance of the Airport.

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

NOTE H. RESTRICTED ASSETS

Assets required to be held and/or used as specified in contractual agreements have been reported as Restricted Assets. Restricted Assets at December 31, 2020, consisted of the following:

	<u>Total</u>
Passenger Facility Charge Funds	\$ 239,833
Customer Facility Charge Funds	<u>851,500</u>
Total Restricted Assets	<u>\$1,091,333</u>

NOTE I. PASSENGER FACILITY CHARGE

Beginning in 2001, Passenger Facility Charges at the rate of \$3 per enplaned passenger had been levied by the Authority under Federal Aviation Administration (FAA) approved applications to use for airport improvements. Beginning in 2005, the passenger rate was approved to be increased to \$4.50 per enplaned passenger. As of December 31, 2020, the total of approved applications are \$4,557,531. Since 2001 a total of \$3,717,282 has been spent in PFC funds for airport improvements.

Total PFC revenues, including interest, remitted to the Authority for the years ended December 31, 2020 and 2019 were \$151,273 and \$254,470, respectively. During the year ended December 31, 2020 a total of \$76,386 was spent on PFC projects, leaving a balance of \$239,833 of PFC funds available and restricted for future PFC projects (Note H).

NOTE J. CUSTOMER FACILITY CHARGE

Beginning in August 2009, in accordance with each rental car concession agreement, a Customer Facility Charge (CFC) of \$3 per day shall be levied on each rental car contract entered into at the Airport by lessee. On June 1, 2015, the CFC of \$3 per day was increased to \$5 per day. Lessee agrees to collect said CFC and remit the collection to the Airport Authority separate and apart from other rents and fees once per month. CFC revenue will be used by the Airport to accomplish improvements that benefit the rental car customers and concessionaries. CFC revenue for the years ending December 31, 2020 and 2019 were \$259,340 and \$380,545, respectively. During the year ended December 31, 2020, \$149,689 was spent on CFC projects, leaving a balance of \$851,500 for future CFC projects (Note H).

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE K. CAPITAL ASSETS

Capital assets consist of the following:

	Balance <u>12/31/19</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/20</u>
Land	\$ 4,028,498	\$ -	\$ -	\$ 4,028,498
Buildings & Improvements	44,522,902	-	(6,150,989)	38,371,913
Land Improvements	31,688,730	3,732,185	(421,509)	34,999,406
Machinery & Equipment	3,952,475	614,643	(175,368)	4,391,750
Furniture & Fixtures	763,245	-	-	763,245
Software	94,400	21,580	-	115,980
Construction in progress	<u>5,410,041</u>	<u>1,613,918</u>	<u>(3,900,631)</u>	<u>3,123,328</u>
	90,460,291	5,982,326	(10,648,497)	85,794,120
Less accumulated depreciation:				
Buildings & Improvements	12,066,148	945,547	(3,191,246)	9,820,449
Land Improvements	18,637,506	1,428,794	(330,184)	19,736,116
Machinery & Equipment	2,736,933	298,411	(169,253)	2,866,091
Furniture & Fixtures	592,380	10,346	-	602,726
Software	<u>94,400</u>	<u>4,196</u>	<u>-</u>	<u>98,596</u>
	<u>34,127,367</u>	<u>2,687,294</u>	<u>(3,690,683)</u>	<u>33,123,978</u>
Net capital assets	<u>\$56,332,924</u>	<u>\$ 3,295,032</u>	<u>\$(6,957,814)</u>	<u>\$ 52,670,142</u>

NOTE L. COMMITMENTS AND CONTIGENCIES

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

The Authority is subject to pending claims and litigation which arise primarily in the ordinary course of business. The Authority does not anticipate any losses with respect to such pending claims and litigation as of December 31, 2020. The total legal fees paid during the year ending December 31, 2020 defending pending claims and litigation were \$45,840.

On a continuing basis, the Authority enters into construction contracts for improvements to the airport. At December 31, 2020, work was in progress for the improvements as follows:

	<u>Budget</u>	<u>Expended to date</u>	<u>Committed</u>
Utility Burial Phase III	\$806,662	\$770,434	\$36,228
Utility Burial Phase II	1,020,000	951,909	68,091
Signage Rehabilitation	710,888	671,762	39,126

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE L. COMMITMENTS AND CONTIGENCIES – Continued

In August 2020, Hurricane Laura inflicted extensive damage to the Airport. The Airport is in the process of restoring the facilities and has incurred significant costs which are expected to be partially reimbursed by their commercial property insurance policy, the Louisiana Department of Transportation and Development, and the Federal Emergency Management Agency (FEMA). These financial statements include a net gain from hurricane insurance claims resulting from Hurricane Laura damages totaling \$1,869,490. The impairment loss only considers the complete loss of various asset components and was calculated and valued based on the historical original cost of the destroyed component items. The net book value of various asset components that were impaired due to Hurricane Laura were \$3,400,231. The Airport has filed an insurance claim and has admitted insurance coverage and reimbursements that are currently estimated at \$5,269,721, net of their deductible of \$624,526. The Airport is undertaking efforts to obtain additional insurance reimbursements from the hurricane damages, but the final potential settlement has not yet been determined.

The restorative efforts of the remaining damages to the facilities are considered repairs and expensed as incurred. Restorative expenditures included in repairs expense total \$1,283,600 for the year ended December 31, 2020. Restorative expenditures included in contractual services expense total \$318,851 for the year ended December 31, 2020. Grant operating expense reimbursement revenues include \$382,785 from the Department of Transportation and Development related to hurricane repairs. Restorative efforts to the facilities are ongoing as of December 31, 2020. The additional estimated costs to completely restore the facilities could range from \$4,000,000 to \$4,500,000.

As of December 31, 2020, the Airport had committed \$1,142,740 to terminal building renovations related to hurricane damages that is expected to be completed by the end of 2021. The Airport had also committed \$219,699 in fence repair and replacement costs that was completed in early 2021.

The Airport is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Airport maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Airport. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The Airport did not reduce insurance coverage during 2020.

NOTE M. LONG-TERM LIABILITIES

	Beginning of Year	Additions	Reductions	End of Year	Amounts Due Within One Year
Net Pension Liability	\$ 559,491	\$ -	\$ (553,702)	\$ 5,789	\$ -
OPEB Liability	810,727	20,708	(195,272)	636,163	-
Security Deposit	4,000	-	4,000	-	-

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year ended December 31, 2020

Federal Grantor/Pass-through <u>Grantor/Program Title</u>	Federal CFDA <u>Number</u>	Federal <u>Expenditures</u>
U. S. Department of Transportation Federal Aviation Administration Airport Improvement Program	20.106*	\$428,830
COVID-19 Airport Improvement Program	20.106*	<u>2,792,310</u>
Total Airport Improvement Program		3,221,140
U. S. Department of Transportation Office of Aviation Analysis Small Community Air Service Development Program (SCASDP)	20.930	44,332
US Department of Homeland Security Transportation Security Administration Law Enforcement Personnel Reimbursement Agreement	97.090	<u>25,155</u>
 Total expenditures of federal awards		 <u>\$3,290,627</u>

* Major Program

See accompanying notes to schedule of expenditures of federal awards.

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year ended December 31, 2020

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Airport Authority for Airport District #1 of Calcasieu Parish (the Authority) under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

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

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

For the Year ended December 31, 2020

AGENCY HEAD NAME: HEATH ALLEN, EXECUTIVE DIRECTOR

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$150,250
Overtime wages	12,282
Benefits	
Insurance	13,428
Retirement	19,910
Car Allowance	11,000
Phone Allowance	758
Per Diem	158
Conference Travel	<u>2,292</u>
TOTAL	<u><u>\$210,378</u></u>

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Airport Authority for Airport District #1 of Calcasieu Parish, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2020, and the related notes to the financial statements, and have issued my report thereon dated June 30, 2021.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Airport Authority for Airport District #1 of Calcasieu Parish's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport Authority for Airport District #1 of Calcasieu Parish's internal control. Accordingly, I do not express an opinion on the effectiveness of the Airport Authority for Airport District #1 of Calcasieu Parish's internal control.

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

My 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 my audit we did not identify any deficiencies in internal control that I 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 Airport Authority for Airport District #1 of Calcasieu Parish's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Airport Authority for Airport District #1 of Calcasieu Parish Response to Finding

The Airport Authority for Airport District #1 of Calcasieu Parish's response to the finding identified in my audit is described in the accompanying schedule of findings and questioned costs. The Airport Authority for Airport District #1 of Calcasieu Parish's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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

Steven M. DeRouen & Associates

Lake Charles, Louisiana
June 30, 2021

STEVEN M. DEROUEN & ASSOCIATES, LLC

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

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

Report on Compliance for Each Major Federal Program

I have audited the Airport Authority for Airport District #1 of Calcasieu Parish's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2020. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In my opinion, the Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the Airport Authority for Airport District #1 of Calcasieu Parish, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
June 30, 2021

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Section I – Summary of Auditor’s Results
December 31, 2020**

Financial Statements

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

Federal Awards

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? X Yes No

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

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

Current Audit

None

Prior Audit

None

SECTION III – Federal Awards Findings and Questioned Costs

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

AIRPORT AUTHORITY FOR AIRPORT DISTRICT #1
Lake Charles, Louisiana
Parochial Employees' Retirement System of Louisiana
Schedule of the Authority's Proportionate Share of the Net Pension Liability
For The Year Ended December 31, 2020

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

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

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

AIRPORT AUTHORITY FOR AIRPORT DISTRICT #1
Lake Charles, Louisiana
Parochial Employees' Retirement System of Louisiana
Schedule of the Authority's Contributions
For The Year Ended December 31, 2020

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

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

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

AIRPORT AUTHORITY FOR AIRPORT DISTRICT #1
Lake Charles, Louisiana

Schedule of Changes in Total OPEB Liability and Related Ratios
For The Year Ended December 31, 2020

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

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

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

Benefit Changes:

There were no changes of benefit terms for the year ended December 31, 2020.

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