

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
LAKE CHARLES, LOUISIANA

ANNUAL FINANCIAL REPORT

JUNE 30, 2021

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY

Lake Charles, Louisiana

BOARD OF COMMISSIONERS

June 30, 2021

Denise Rau	President
Rico Guillory	Vice President
Charles K. Dalgleish	Secretary/Treasurer
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Bill Hankins	Commissioner
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CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
LAKE CHARLES, LOUISIANA

ANNUAL FINANCIAL REPORT
Year Ended June 30, 2021

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Independent Auditors' Report

Board of Commissioners
Chennault International Airport Authority
Lake Charles, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, major funds, and the remaining fund information of Chennault International Airport Authority as of and for the year then ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major funds, and the remaining fund information of Chennault International Airport Authority as of June 30, 2021, and the respective changes in financial position 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 and budgetary comparison information, as shown in the table of contents, 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

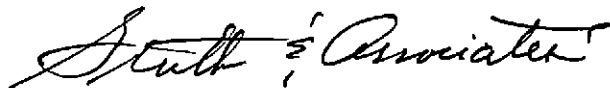
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chennault International Airport Authority's basic financial statements. The schedule of compensation, benefits, and other payments to agency head or chief executive officer and the schedule of per diem paid commissioners are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head or chief executive officer is the responsibility of management and was 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 the 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 agency head or chief executive officer is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of per diem paid commissioners has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2021, on our consideration of the Authority'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 solely 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 effectiveness of the Authority'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 Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Stull & Associates".

Lake Charles, Louisiana
December 29, 2021

Management's Discussion and Analysis

The management of the Chennault International Airport Authority offers readers of the Chennault International Airport's financial statements this narrative overview and analysis of the financial activities for the Authority for the fiscal year ended June 30, 2021, with selected comparative information for the years ending June 30, 2020 and 2019. The information presented here should be read in conjunction with the financial statements, footnotes, and supplementary information in this report.

Governmental Funds

Chennault International Airport Authority uses two funds: the Special Revenue Funds and the Capital Projects Funds. The Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than capital projects. Capital Projects Funds are used to account for financial resources to be used for the acquisition, renovation, or construction of major capital facilities.

Financial Highlights

- According to Louisiana Department of Transportation, Chennault International Airport Authority continues to be the #3 economic producer of 70 airports across the State of Louisiana.
- The Authority entered into a Cooperative Endeavor Agreement with Facility Planning and Control for a New Air Cargo Facility, Planning and Construction in the amount of \$3,025,000, with the Authority matching \$1,100,000, notice to proceed was granted on April 20, 2021. For the fiscal year ended June 30, 2021 the Authority reported revenue of \$54,682.
- A Cost Sharing Agreement (CSA) dated November 18, 2020 was entered between the Department of the Army and the Authority, for a Comprehensive Water Resource Master Plan estimated at \$360,000 with each contributing \$180,000.
- The Authority completed several construction projects in the fiscal year ended June 30, 2021, including lighting upgrades for Hangar B and C, as well as Hangar D Foam Bladder.

Financial Analysis

The assets of the Chennault International Airport Authority exceeded its liabilities at the close of the fiscal year ended June 30, 2021 by \$149,143,102. Table 1 on page 6 compares the calculation of net assets for the last three years. Net assets increased by \$2,957,609 during the fiscal year ended June 30, 2021. The changes in net position are detailed in Table 2 on page 7.

Long-Term Debt

The Authority owes a total of \$4,910,000 plus accrued interest on the \$6,725,000 that was borrowed under a contract entered into on March 1, 2018 for the issuance of Excess Revenue Certificates of Indebtedness (Mallard Cove Municipal Golf Course Project). The total accrued interest on all debt as of June 30, 2021 is \$48,424.

Budgetary Highlights

Property tax collections of \$13,026,650 from the 5.38 mill tax levied in 2020 exceeded the \$11,000,000 that was budgeted by \$2,026,650. On March 24, 2012 an election was held and the proposition passed authorizing the Authority to renew the levy and collect a 5.45 mill property tax for a period of ten years beginning in 2016 and ending in 2025. The property tax levy approved for the year ending December 31, 2021 is 5.380 mills.

Rent income collected amounted to \$2,188,364, which is \$403,072 more than was budgeted for the year ending June 30, 2021.

Table 1
Chennault International Airport Authority
Net Position

	June 30, 2021	June 30, 2020	June 30, 2019
Assets other than property, plant and equipment:			
Cash and certificates of deposit	\$ 24,383,879	\$ 17,294,422	\$ 13,211,893
Receivables	13,313,488	167,603	101,099
Deposits	70,673	-	-
Prepaid Insurance	1,121,832	268,493	283,138
Total	<u>38,889,872</u>	<u>17,730,518</u>	<u>13,596,130</u>
Property, plant and equipment:			
Hangars	73,672,774	94,382,027	94,357,526
Offices, warehouses and shops	31,225,621	39,380,083	38,031,569
Airport operations buildings	4,122,222	4,914,706	4,914,706
Airfield pavement improvements	27,229,605	26,993,530	26,993,530
Roads and parking lots	5,887,159	5,897,783	5,453,333
Utility and Fire Protection Systems	9,499,815	9,499,815	9,465,413
Waste treatment plant	1,880,786	1,880,786	1,880,786
Fences and gates	2,661,287	2,661,287	2,643,687
Other improvements	9,756,061	9,756,061	9,734,479
Equipment	15,533,773	15,810,308	15,121,593
Subtotal	<u>181,469,103</u>	<u>211,176,386</u>	<u>208,596,622</u>
Less accumulated depreciation	<u>(81,411,968)</u>	<u>(88,516,545)</u>	<u>(82,151,046)</u>
Capital Assets, net of depreciation	100,057,135	122,659,841	126,445,576
Land	9,893,903	9,893,903	9,893,903
Construction in progress	7,360,231	1,889,761	599,848
Total property, plant and equipment	<u>117,311,269</u>	<u>134,443,505</u>	<u>136,939,327</u>
Total Assets	<u>156,201,141</u>	<u>152,174,023</u>	<u>150,535,457</u>
Liabilities:			
Other liabilities	2,148,039	453,530	514,242
Bonds payable	4,910,000	5,535,000	6,140,000
Total liabilities	<u>7,058,039</u>	<u>5,988,530</u>	<u>6,654,242</u>
Net Position:			
Invested in capital assets	116,220,393	134,224,625	136,745,745
Restricted for capital projects	6,904,592	5,704,989	3,916,231
Unrestricted	26,018,117	6,255,879	3,219,240
Total Net Position	<u>\$ 149,143,102</u>	<u>\$ 146,185,493</u>	<u>\$ 143,881,216</u>

Note - The net position listed above does not include either the value of the 1,200 acres of land leased to the Authority for ninety-nine years by the four entities that created Chennault in June 1986 or the value of the approximately 14 million square feet of pavement that remains of the runway, taxiway, and aircraft parking aprons of the former Chennault Air Force Base.

Table 2
Chennault International Airport Authority
Changes in Net Position

	June 30, 2021	June 30, 2020	June 30, 2019
Revenues:			
Property tax	\$ 13,026,650	\$ 13,131,547	\$ 12,077,208
Rent income	2,188,364	1,974,813	1,875,840
Miscellaneous income	141,817	123,202	115,900
Interest income	46,365	127,651	93,366
Grants	271,520	387,134	1,494,900
Subtotal	<u>15,674,716</u>	<u>15,744,347</u>	<u>15,657,214</u>
Other Financing Sources:			
Net gain from hurricane insurance claim	12,503,348	-	-
FEMA proceeds	-	478,031	26,455
Total revenues and other financing sources	<u>28,178,064</u>	<u>16,222,378</u>	<u>15,683,669</u>
Expenses:			
Operate, maintain and repair airport and facilities	18,398,242	6,356,047	7,113,587
Intergovernmental	1,121,744	1,018,357	921,471
Interest and fiscal charges paid on debt	160,002	178,198	212,243
Depreciation	5,540,467	6,365,499	6,170,031
Total	<u>25,220,455</u>	<u>13,918,101</u>	<u>14,417,332</u>
Increase in Net Position	2,957,609	2,304,277	1,266,337
Beginning Net Position	146,185,493	143,881,216	142,614,879
Ending Net Position	<u>\$ 149,143,102</u>	<u>\$ 146,185,493</u>	<u>\$ 143,881,216</u>

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
June 30, 2021

	Governmental Fund Types	
	Special Revenue	Capital Projects
ASSETS		
Cash	\$ 17,622,978	\$ 6,760,901
Receivables:		
Taxes	95,512	-
Insurance Proceeds	12,887,977	-
Federal/State Grants	-	106,420
Other	223,579	-
Land	-	-
Other Capital Assets, net of accumulated depreciation	-	-
Deposits	70,673	-
Prepaid insurance	1,121,832	-
Due from other funds	-	40,466
	<u> -</u>	<u>40,466</u>
Total assets	<u>\$ 32,022,551</u>	<u>\$ 6,907,787</u>
LIABILITIES		
Accounts payable	\$ 955,408	\$ 3,195
Accrued expenses	2,257	-
Contracts payable	811,606	279,270
Deferred revenues	47,879	-
Due to other funds	40,466	-
Certificates of indebtedness		
Due within one year	-	-
Due after one year	-	-
	<u> -</u>	<u> -</u>
Total liabilities	<u>1,857,616</u>	<u>282,465</u>
FUND BALANCES/ NET POSITION		
Fund Balances		
Nonspendable: prepaid insurance	1,121,832	-
Committed for construction and repairs	811,606	6,625,322
Assigned to:		
Airport facility	28,231,497	-
	<u>30,164,935</u>	<u>6,625,322</u>
Total liabilities and fund balance	<u>\$ 32,022,551</u>	<u>\$ 6,907,787</u>
Net Position		
Net investment in capital assets		
Restricted for construction and repairs		
Unrestricted		
Total net position		

Total Government Funds	Adjustments	Statement of Net Position
\$ 24,383,879	\$ -	\$ 24,383,879
95,512	-	95,512
12,887,977	-	12,887,977
106,420	-	106,420
223,579	-	223,579
-	9,893,903	9,893,903
-	107,417,366	107,417,366
70,673	-	70,673
1,121,832	-	1,121,832
40,466	(40,466)	-
<u>\$ 38,930,338</u>	<u>\$ 117,270,803</u>	<u>\$ 156,201,141</u>
\$ 958,603	\$ -	\$ 958,603
2,257	48,424	50,681
1,090,876	-	1,090,876
47,879	-	47,879
40,466	(40,466)	-
-	640,000	640,000
-	4,270,000	4,270,000
<u>2,140,081</u>	<u>4,917,958</u>	<u>7,058,039</u>
1,121,832	(1,121,832)	
7,436,928	(7,436,928)	
<u>28,231,497</u>	<u>(28,231,497)</u>	
<u>36,790,257</u>	<u>(36,790,257)</u>	
<u>\$ 38,930,338</u>	<u>(31,872,299)</u>	
	116,220,393	116,220,393
	6,904,592	6,904,592
	26,018,117	26,018,117
	<u>\$ 149,143,102</u>	<u>\$ 149,143,102</u>

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
RECONCILIATION OF GOVERNMENTAL FUND BALANCE TO NET POSITION
June 30, 2021

Total Governmental Fund Balances \$ 36,790,257

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	9,893,903
Buildings	109,020,617
Airfield Pavement Improvement	27,229,605
Roads and Parking	5,887,159
Utility and Fire Protection Systems	9,499,815
Waste Treatment Plant	1,880,786
Fences and Gates	2,661,287
Other Improvements	9,756,061
Equipment	15,533,773
Construction in progress	7,360,231
Accumulated depreciation	<u>(81,411,968)</u>
Other capital assets, net of accumulated depreciation	107,417,366

Interfund receivables are eliminated in reporting total assets (40,466)

Total asset adjustments 117,270,803

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Certificates of indebtedness	4,910,000
Accrued interest	48,424

Interfund payables are eliminated in reporting total assets (40,466)

Total liability adjustments 4,917,958

Net position of governmental activities \$ 149,143,102

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Fiscal Year Ended June 30, 2021

	Governmental Funds	
	Special Revenue	Capital Projects
Revenues:		
Taxes	\$ 13,026,650	\$ -
Rents	2,188,364	-
Interest	41,762	4,603
Fuel flowage	116,333	-
Miscellaneous	25,484	-
Grant proceeds	-	271,520
Total revenues	15,398,593	276,123
Expenditures:		
Current operating:		
Personal services	2,596,198	-
Travel	3,170	-
Contractual services	3,166,072	-
Intergovernmental	1,121,744	-
Supplies and materials	276,268	-
Repairs and maintenance	18,176,165	-
Depreciation	-	-
Capital outlays	147,512	3,132,167
Debt service:		
Interest and fiscal charges	791,166	-
Total expenditures	26,278,295	3,132,167
Excess (deficiency) of revenues over expenditures	(10,879,702)	(2,856,044)
Other financing sources (uses):		
Insurance proceeds	33,194,427	-
Net gain from hurricane insurance claim	-	-
Operating transfers in	-	4,000,000
Operating transfers (out)	(4,000,000)	-
Total other financing sources (uses)	29,194,427	4,000,000
Net change in fund balance/ net position	18,314,725	1,143,956
Fund balance/ net position Beginning of year	11,850,210	5,481,366
End of year	\$ 30,164,935	\$ 6,625,322

See Accompanying Notes to Financial Statements

Total Government Funds		Adjustments	Statement of Activities
\$	13,026,650	\$ -	\$ 13,026,650
	2,188,364	-	2,188,364
	46,365	-	46,365
	116,333	-	116,333
	25,484	-	25,484
	271,520	-	271,520
	<u>15,674,716</u>	<u>-</u>	<u>15,674,716</u>
	2,596,198	-	2,596,198
	3,170	-	3,170
	3,166,072	-	3,166,072
	1,121,744	-	1,121,744
	276,268	69,539	345,807
	18,176,165	(5,889,170)	12,286,995
	-	5,540,467	5,540,467
	3,279,679	(3,279,679)	-
	<u>791,166</u>	<u>(631,164)</u>	<u>160,002</u>
	<u>29,410,462</u>	<u>(4,190,007)</u>	<u>25,220,455</u>
	<u>(13,735,746)</u>	<u>4,190,007</u>	<u>(9,545,739)</u>
	33,194,427	(33,194,427)	-
	-	12,503,348	12,503,348
	4,000,000	-	4,000,000
	(4,000,000)	-	(4,000,000)
	<u>33,194,427</u>	<u>(20,691,079)</u>	<u>12,503,348</u>
	19,458,681	(16,501,072)	2,957,609
	<u>17,331,576</u>	<u>128,853,917</u>	<u>146,185,493</u>
\$	<u>36,790,257</u>	<u>\$ 112,352,845</u>	<u>\$ 149,143,102</u>

See Accompanying Notes to Financial Statements

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
RECONCILIATION OF CHANGE IN GOVERNMENTAL FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
June 30, 2021

Net change in fund balances - total governmental funds \$ 19,458,681
Amounts reported for governmental activities in the statement of activities
are different because:

In the statement of activities, the net gain (loss) on the insurance settlement related to Hurricane Laura is reported, whereas in the governmental funds, only the proceeds from the insurance claim is recorded as a financial resource. Thus, the change in net assets differs from the change in fund balance by the net book value of the assets included in the insurance claim (20,691,079)

Governmental funds report capital outlays and repairs as expenditures. However, in the statement of activities, assets with an individual cost of more than \$10,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. For the current period, these amounts are:

Capital outlay	3,279,679	
Repairs	5,889,170	
Reclassification from capital outlay to supplies and materials	(69,539)	
Depreciation expense	<u>(5,540,467)</u>	
Excess of capital outlay over depreciation expense		3,558,843

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consisted of:

Principal payment	625,000	
Net decrease in accrued interest payable	<u>6,164</u>	
Net increase		<u>631,164</u>

Change in net position of governmental funds \$ 2,957,609

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. **Summary of Significant Accounting Policies**

The Chennault International Airport Authority (the Authority) is a political subdivision of the State of Louisiana and was created by an Act of the Louisiana Legislature. By virtue of the act and the joint initiative of Calcasieu Parish, City of Lake Charles, Calcasieu Parish School Board and the State Board of Elementary Education, a special district was created through an intergovernmental contract and local services agreement. The Authority is governed by a board of seven commissioners appointed as follows: two members appointed by Calcasieu Parish, two members appointed by the City of Lake Charles, two members appointed by the Calcasieu Parish School Board. The six members so appointed shall appoint by majority vote a seventh member.

The name of the Authority was changed by Act 458 of the Louisiana Legislature, 1997 Regular Session, from the Chennault Industrial Airpark Authority to the Chennault International Airport Authority.

The Authority's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. In June 1999, the Governmental Accounting Standards Board unanimously approved Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. The Authority implemented the new reporting model standards in fiscal year ended June 30, 2004.

Reporting Entity

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criteria for including a potential component unit within the reporting entity are the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criteria used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Authority is able to exercise oversight responsibilities. Based upon the application of these criteria, it was determined that no other agency should be included in this reporting entity.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the Authority are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(continued)

The various funds are grouped, in the financial statements in this report, into two broad funds categories as follows:

GOVERNMENTAL FUNDS

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the authority.

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than capital projects.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition, renovation, or construction of major capital facilities.

Fund Balances – Governmental Funds

Beginning with fiscal year ended June 30, 2012, the Authority implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be used only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts constrained to specific purposes by the Authority itself, using its highest level of decision-making authority (i.e., Board of Commissioners). To be reported as committed, amounts cannot be used for any other purpose unless the Authority takes the same highest level action to remove or change the constraint.

Assigned – amounts the Authority intends to use for a specific purpose. Intent can be expressed by the Board of Commissioners or by an individual or body to which the Board delegates the authority.

Unassigned – amounts that are available for any purpose.

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(continued)

The Authority establishes (and modifies or rescinds) fund balance commitments by passage of board resolution or formal approval. Assigned fund balance is established by the Authority through the adoption or amendment of the budget as intended for specific purposes.

Basic Financial Statements – Government-Wide Statements

The Authority’s basic financial statements include both government-wide (reporting the Authority as a whole) and fund financial statements (reporting the Authority’s funds). In the government-wide Statement of Net Position, governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Authority’s net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

The government- wide Statement of Activities reports revenues and expenses on a full accrual, economic resource basis. The Statement of Activities recognizes depreciation expense.

This government-wide focus is more on the sustainability of the Authority as an entity and the change in the Authority’s net position resulting from current year’s activities.

Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Authority’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Authority’s policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when available and measurable. “Available” means collectible within the current period or within 60 days after year end. Revenues that are accrued include rent, property taxes, and interest. Property tax revenues are recognized in the period for which levied provided they are also available.

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(continued)

Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures, other than interest on long-term debt, are recognized when the related liability is incurred.

Cash and Certificates of Deposit

Cash and certificates of deposit are stated at cost which approximates market. Interest is accrued as earned in the period it becomes measurable and available.

Accounts Receivable

Accounts receivable represent amounts due from various federal, state, and local agencies and customers and are deemed to be fully collectible by management.

Capital Assets

Capital assets purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Additions, improvement and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for costs for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	15 - 40 years
Machinery and equipment	10 - 30 years
Improvements	10 - 50 years
Other infrastructure	10 - 50 years

GASB 34 requires the Authority to report and depreciate new infrastructure assets effective beginning the year of implementation (June 30, 2004). The Authority voluntarily elected to retroactively report infrastructure assets and depreciation. Infrastructure assets include drainage, roads, runways, lighting, utilities, etc.

Accrued Unpaid Vacation, Sick Leave and Other Employee Benefit Amounts

Vacation, compensation time, and sick leave are recorded as expenditures of the period in which they are paid. In the event of separation of employment, the employee will be paid for any unused vacation time accrued. Employees are able to accrue unused sick leave without limitation. However, there will be no payment of unused sick leave upon separation of employment. At June 30, 2021 unrecorded Special Revenue Fund liabilities included approximately \$133,625 vacation pay and \$11,235 compensation time.

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.

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(continued)

2. **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.

At June 30, 2021, the Authority had \$25,478,232 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$25,228,232 of pledged securities held in a custodial bank 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.

Interest Rate Risk is the risk that changes in the in interest rate will adversely affect the fair value of the investment. At June 30, 2021 the Authority did not have investments in any debt instruments.

Interfund Activity

Transfers are used to move special revenue funds to the capital projects fund. The transfers are to cover budgeted capital outlay expenditures not reimbursed by grants. The total transfer for the year ended June 30, 2021 was \$4,000,000.

3. **Joint Services Agreement**

The Chennault International Airport Authority entered into Joint Services Agreements on April 4, 1995, with the West-Calcasieu Airport Managing Board and the DeQuincy Airport Authority. The purpose of the agreements is to cooperate on the construction, acquisition, and improvement of public aviation projects or improvements. The joint use of funds is intended to carry out the public purpose of encouraging and stimulating economic development throughout Calcasieu Parish.

In October 2012, the parties entered into new Joint Service Agreements effective for years 2016 through 2026. The new agreements call for annual transfers as follows:

	Tax Collection Period		
	<u>2017-2019</u>	<u>2020-2023</u>	<u>2024-2026</u>
West Calcasieu Airport Authority	\$300,000	\$375,000	\$425,000
DeQuincy Airport Authority	\$200,000	\$250,000	\$300,000

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(continued)

In addition to the above transfers, the Authority agrees to review its tax revenue in 2017, 2021, and 2025 to compare the previous year's property tax collection. If the receipts for those years increase by 3% or more, the Authority will increase its transfer by 3% for a period not to exceed three years.

The total amount paid to the West Calcasieu Airport Authority for the year ending June 30, 2021 was \$375,000. The total amount paid to the DeQuincy Airport Authority for the year ending June 30, 2021 was \$250,000.

It is understood and agreed that should untoward events, i.e., natural disaster, tenant loss, etc., resulting directly or indirectly, more than 10% decrease in annual gross revenue to the Authority, or such other unexpected development resulting in said decrease in revenue, or overall tax revenues decrease to 7 million or below per year, this agreement may be modified accordingly, upon formal action by the Board Authority.

4. **Cooperative Endeavor Agreements**

The Chennault International Airport Authority entered into a Cooperative Endeavor Agreement on January 17, 2018, with the City of Lake Charles (City), MC Golf Development, L.L.C. (MC Golf) and Arrozal Investment Part A, LLC and Arrozal Investment Part C, LLC, collectively Arrozal. Under the terms of the agreement, the Authority shall provide funding for construction of the Golf Course by MC Golf in an amount not to exceed \$6,600,000 (Note 6). The funds were setup in an escrow account with Whitney Bank. MC Golf contracted a design professional to undertake the construction management of the golf course. Arrozal donated land for the construction of the golf course to the Authority, which is recorded at a cost of \$6,600,000.

The Chennault International Airport Authority entered into a Cooperative Endeavor Agreement on February 5, 2020, with the City of Lake Charles. Under the terms of the agreement, the Authority shall provide funding for equipment, labor, and materials to improve and widen the entrance road to Chennault in an amount not to exceed \$1,600,000. Chennault and the City agree that the entrance to Chennault, which is a City owned and maintained roadway, has traffic issues due to the ever-increasing volume of traffic from Sowela Technical Community College and other tenants of the Chennault complex. Following the acceptance of the project as being substantially complete by the City and Chennault, the City shall assume ownership and responsibility for the operation, maintenance, repair, and inspection of the project and the costs associated with those responsibilities. As of June 30, 2021, the Project was in progress.

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(continued)

5. **Property Taxes**

On January 15, 2005, an election was held and the proposition passed authorizing the Authority to renew the levy and collect a 5.45 mill property tax for a period of ten years beginning with the year 2006. On March 24, 2012, an election was held and the proposition passed authorizing the Authority to renew the levy and collect a 5.45 mill property tax for a period of ten years beginning 2016. For the year ended June 30, 2021, the Authority levied taxes of 5.38 mills on property with assessed valuation totaling \$2,582,461,182. The taxes were dedicated to maintaining, operating, relocating, constructing, or improving Airpark facilities of the Authority. Total taxes levied were \$13,893,641.

Property tax millage rates are normally adopted in May for the calendar year in which taxes are levied and recorded. 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 31st. Property taxes not paid by February 28th are subject to property lien.

6. **Excess Revenue Certificates of Indebtedness**

On March 1, 2018 the Louisiana State Bond Commission granted approval to the Authority for the issuance, sale and delivery of Excess Revenue Certificates of Indebtedness (Mallard Cove Municipal Golf Course Project), Series 2018. On March 1, 2018, an issue in the original principal amount of \$6,725,000 was sold to Iberia bank. The funds, less costs of issuance of \$125,000, were transferred to paying agent/registrar Whitney Bank to pay for the construction and equipping of a new municipal golf course for the City of Lake Charles, Louisiana.

The certificates of indebtedness, dated March 1, 2018, provide that the Authority shall repay the paying agent semi-annual interest payments at a rate of 2.975% and annual principal payments with the final payment due and paid March 1, 2028.

The annual requirements to amortize the indebtedness outstanding as of June 30, 2021 is as follows:

<u>Year Ending June 30</u>	<u>Interest</u>	<u>Principal</u>
2022	\$146,073	\$640,000
2023	127,033	660,000
2024	107,398	680,000
2025	87,167	700,000
2026 and thereafter	<u>134,023</u>	<u>2,230,000</u>
	<u>\$601,694</u>	<u>\$4,910,000</u>

Annual principal and interest payments on the revenue bonds are expected to be less than 7% of annual property tax revenues. Principal and interest paid during the year ending June 30, 2021 totaled \$791,166. The net property tax revenues for the year were \$13,026,650. No interest was capitalized during the year. Interest, including agent fees of \$1,500, incurred and charged to expense totaled \$160,002.

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(continued)

7. **Changes in Long-Term Debt**

The following is a summary of changes in long-term debt of the Authority for the year ended June 30, 2021:

	<u>Balance July 1, 2020</u>	<u>Payments</u>	<u>Balance June 30, 2021</u>
Certificates of Indebtedness	<u>\$5,535,000</u>	<u>\$625,000</u>	<u>\$4,910,000</u>

The Certificates will be secured by and payable solely from the irrevocable pledge and dedication of the excess of annual revenues of Chennault, in the fiscal year ending June 30, 2018 and subsequent years, above statutory, necessary and usual charges as well as those funds and monies budgeted, allocated, available, dedicated, set aside or otherwise to be utilized to fund or make debt service payments on the outstanding Certificates. There are various limitations and restrictions contained in the debt agreement. The Authority is in compliance with all significant limitations and restrictions.

8. **Capital Assets Activity**

Capital assets consist of the following:

	<u>June 30, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2021</u>
Construction in progress	\$1,889,761	\$9,027,151	(\$3,556,681)	\$7,360,231
Land	9,893,903	-	-	9,893,903
Buildings	138,676,816	2,703,415	(32,359,614)	109,020,617
Improvements other than buildings	56,689,262	348,556	(123,105)	56,914,713
Equipment	<u>15,810,308</u>	<u>576,863</u>	<u>(853,398)</u>	<u>15,533,773</u>
	222,960,050	12,655,985	(36,892,798)	198,723,237
Accumulated depreciation	<u>(88,516,545)</u>	<u>(5,540,461)</u>	<u>(12,645,038)</u>	<u>(81,411,968)</u>
	<u>\$134,443,505</u>	<u>\$7,115,524</u>	<u>(\$24,247,760)</u>	<u>\$117,311,269</u>

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(continued)

During the fiscal year ended June 30, 2021, the Authority completed construction on several capital projects. Listed below is a summary of the completed projects.

	Prior Period Expenditures	Year Ended June 30, 2021	Total Project Expenditures
Runway 15 SSALR	-	15,664	15,664
Hangar D Foam Bladder	348,747	72,740	421,487
Taxiway Delta Realignment	283,469	37,979	321,448
Hangar B Lighting Upgrade	762,565	-	762,565
Hangar C Lighting Upgrade	-	598,347	598,347
Hangar F Lighting Upgrade	34,430	10,850	45,280
Building 1350 Demo	7,494	39,259	46,753
CIAA Admin Roof	-	44,648	44,648
Fire Suppression Upgrade	-	15,503	15,503
Citadel Admin Roof	-	260,502	260,502
Air Traffic Control Tower	-	254,968	254,968
Maintenance Shop Doors	-	59,821	59,821
Building 1 Doors	-	44,756	44,756
Citadel GSE Doors	-	96,644	96,644
Tanks Repainting and Resurface	-	278,745	278,745
Airplane on Stand	-	105,000	105,000
Other Projects	<u>51,463</u>	<u>133,087</u>	<u>184,550</u>
	<u>\$1,488,168</u>	<u>\$2,068,513</u>	<u>\$3,556,681</u>

Construction in progress as of June 30, 2021, is composed of the following:

	Budget	Expended to date	Committed
Mallard Cove Property Acquisition	180,000	\$176,175	3,825
Chennault Airport Boulevard Entrance	820,926	793,946	26,980
Air Cargo	4,106,000	352,104	3,753,896
Rehabilitate Taxiway Lighting	-	80,000	-
Site Backflow Preventer Upgrade	193,989	108,869	85,120
Rehabilitate Taxiway Golf and Apron	-	899,153	-
CIAA Drainage	360,000	270,000	90,000
Hangar E Exhaust Fans	1,332,476	1,327,626	4,850
FWPH #1 Replacement	2,514,985	2,503,998	10,987
Interim Repairs – LA Millwork	301,900	78,100	223,800
Air Traffic Control Tower	240,371	235,000	5,371
Building #2 – Envelope & Interior	1,290,000	74,956	1,215,044
Supply & Install Electric Gate	281,044	281,044	-
Other projects	-	<u>179,260</u>	-
		<u>\$7,360,231</u>	

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(continued)

9. **Lease Revenue**

The Authority leases its property to various commercial operations. A significant portion of these leases are non-cancelable operating leases.

Minimum rentals as of June 30, 2021 on non-cancelable operating leases for the next five years are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2022	1,979,422
June 30, 2023	1,476,082
June 30, 2024	1,379,382
June 30, 2025	1,382,682
June 30, 2026	875,118

The cost of leased building property and improvements is \$108,289,387 and the amount of accumulated depreciation as of June 30, 2021 was \$48,751,949.

Fuel flowage income associated with the Authority's non-cancelable operating leases was approximately \$116,333 for the year ended June 30, 2021. The Authority's fuel flowage fee is eight cents per gallon.

10. **Deferred Compensation Plan**

The Authority set up a deferred compensation plan effective July 1, 2005 that would be administered through the State of Louisiana Deferred Compensation Plan. Employees who are not contributing to the Louisiana State Employees' Retirement System plan are eligible to participate in the Authority's deferred compensation plan.

Contributions are based on an employee's wages and taxable benefits. The contribution rate was set at seven percent. The contribution rate for employees hired after July 1, 1994 was modified from seven percent to eight and one half percent. The contribution rate was increased on July 1, 2011 to include an additional amount with an employee contribution. The Authority matches up to two percent with employees contributing four percent.

The amounts contributed to the deferred compensation plan by the Authority are included both in the amount of wages reported for the employee and in the amount of deferred compensation contributed by the employee. Funds contributed by the Authority to the plan are held in separate accounts set up for the individual employees within the State of Louisiana Deferred Compensation Plan. Contributions to the Plan and any earnings they generate are 100% vested to the employee. The Authority contributed \$191,058 for employees covered by the deferred compensation plan for the year ended June 30, 2021. The total amount owed to the plan as of June 30, 2021 was \$0.

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(continued)

11. **Contingencies and Commitments**

The Authority 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.

Commitments under maintenance and service contracts provide for minimum annual payments as follows:

	<u>Fire Protection</u>	<u>Unarmed Security</u>	<u>Runway Equipment</u>
June 30, 2022	\$1,217,305	\$125,468	\$31,500
June 30, 2023	-	-	31,500
June 30, 2024	-	-	31,500
June 30, 2025	-	-	31,500
June 30, 2026	-	-	5,250
Total	<u>\$1,217,305</u>	<u>\$125,468</u>	<u>\$131,250</u>

Fire protection

The term of these services shall be for a period of one year commencing July 1, 2020 and ending June 30, 2021 with the Authority's option to extend the period of service for one additional year for \$1,217,305, via written change order.

Unarmed Security

The term of these services shall be for the period commencing August 1, 2020 and ending June 30, 2021 with the Authority's option to extend the period of service for one additional year for \$125,468.

Cooperative Endeavor Agreement (Note 4)

As additional consideration for the City's (a) reimbursement of \$1,600,000 to MC Golf for the extension of a walkway and public utilities; (b) transfer of 40 acres to Arrozal; and (c) the transfer of Mallard Cove, including all improvements, to the Authority, the Authority shall pay unto the city the sum of \$15,000 per month for a twenty year term beginning upon the transfer of Mallard Cove by the City to the Authority (\$3,600,000). In the event the Authority's current property tax is renewed by election in 2025, any amounts remaining due to the City shall be paid over the course of twelve months from the renewal of such tax.

As of September 15, 2021, the golf course was complete and the land was transferred per the Cooperative Endeavor Agreement dated January 17, 2018.

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(continued)

Federal Emergency Management Agency

On September 24, 2005, Hurricane Rita made landfall and caused extensive damages to the Authority's property and equipment. Federal Emergency Management Agency (FEMA) recovery has been in excess of \$13 million. The Authority is in ongoing negotiations with FEMA, the State of Louisiana, and the U.S. Office of Inspector General to close out the remaining project worksheets for Hurricane Rita and Hurricane Laura.

Pending claims

The Authority 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 Authority maintains commercial insurance coverage covering each of those risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The Authority did not reduce insurance coverage during 2021.

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 June 30, 2021.

COVID-19

The United States of America declared a Public Health Emergency on February 3, 2020 due to the coronavirus outbreak (COVID-19). The Authority is deemed as an Essential Critical Infrastructure Workforce. The Authority has followed the guidelines set forth by the Centers for Disease Control and Prevention (CDC), the Louisiana Governor's Proclamations and the Department of Labor.

Hurricane Laura

On August 27, 2020, Hurricane Laura made landfall and caused extensive damages to the Authority's property and equipment. The high winds damaged all of the buildings that are owned by the Authority. These buildings were insured under two policies with the total limits of coverage exceeding \$88,000,000. Management estimates the total amount of damages and building code compliance upgrades to buildings and equipment will be between \$50,000,000 and \$60,000,000. The amount of damages not covered by insurance has yet to be determined. The costs not covered by insurance will include the two percent of insured value deductible per building for damages caused by high winds, the cost of making code compliance upgrades that are in excess of the coverage limits, and the cost of repairing or replacing fences, gates, signage, airfield lighting systems, and other ancillary assets not covered by insurance that exceed the coverage limits. There is the possibility that some of the cost of repairs and code upgrades will qualify for partial reimbursement from the Federal Management Agency (FEMA).

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(continued)

These financial statements include a net gain from hurricane insurance claims resulting from Hurricane Laura damages totaling \$12,503,348. The net book value of various asset components that were impaired due to Hurricane Laura were \$20,691,079. The impairment only considers the loss of various asset components and was calculated and valued based on the historical original cost of the destroyed component items. The Authority filed an insurance claim and has received reimbursements totaling \$33,194,427. The Authority is undertaking efforts to obtain additional insurance reimbursements from 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 \$11,802,033 for the year ended June 30, 2021.

12. **Subsequent Events**

Subsequent events were evaluated through December 29, 2021 the date of which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 11,000,000	\$ 11,000,000	\$ 13,026,650	\$ 2,026,650
Rents	1,785,292	1,785,292	2,188,364	403,072
Interest	75,000	75,000	41,762	(33,238)
Miscellaneous	115,000	115,000	141,817	26,817
Total revenues	<u>12,975,292</u>	<u>12,975,292</u>	<u>15,398,593</u>	<u>2,423,301</u>
Expenditures:				
Salaries	2,225,562	2,225,562	2,097,728	127,834
Employee benefits and taxes	568,413	568,413	498,470	69,943
Travel	76,000	76,000	3,170	72,830
Advertising	86,500	86,500	34,466	52,034
Architectural and engineering	335,000	335,000	39,507	295,493
Control tower	76,000	76,000	37,096	38,904
Fire protection	1,262,305	1,262,305	1,250,660	11,645
Insurance	512,400	512,400	977,477	(465,077)
Maintenance	78,260	78,260	71,691	6,569
Rentals	5,700	5,700	1,680	4,020
Telephone and utilities	233,500	233,500	223,219	10,281
Miscellaneous Contractual	1,211,200	1,211,200	530,276	680,924
Intergovernmental	1,087,500	1,087,500	1,121,744	(34,244)
Business development	40,000	40,000	13,930	26,070
Office Expense	95,000	95,000	26,177	68,823
Maintenance supplies	757,000	757,000	105,560	651,440
Vehicles-fuel and repairs	818,000	818,000	130,601	687,399
Major repairs	5,802,500	20,802,500	18,176,165	2,626,335
Capital outlays	669,000	669,000	147,512	521,488
Debt service	792,666	792,666	791,166	1,500
Total expenditures	<u>16,732,506</u>	<u>31,732,506</u>	<u>26,278,295</u>	<u>5,454,211</u>
 Excess of revenues over expenditures	 (3,757,214)	 (18,757,214)	 (10,879,702)	 7,877,512

(continued on next page)

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Fiscal Year Ended June 30, 2021
(continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Excess of revenues over expenditures	(3,757,214)	(18,757,214)	(10,879,702)	7,877,512
Other financing sources (uses):				
Insurance proceeds	-	20,306,450	33,194,427	12,887,977
Operating transfers out	<u>(4,000,000)</u>	<u>(4,000,000)</u>	<u>(4,000,000)</u>	<u>-</u>
Total Other Sources (Uses)	<u>(4,000,000)</u>	<u>16,306,450</u>	<u>29,194,427</u>	<u>12,887,977</u>
Net change in fund balance	<u>\$ (7,757,214)</u>	<u>\$ (2,450,764)</u>	18,314,725	<u>\$ 20,765,489</u>
Fund balance at beginning of year			<u>11,850,210</u>	
Fund balance at end of year			<u>\$ 30,164,935</u>	

Chennault International Airport Authority
Note to Required Supplementary Information-Budgetary Reporting
For the year ended June 30, 2021

The Budgetary Comparison Schedule-Budget to Actual presents comparisons of the original and final legally adopted budget with actual data on a budgetary basis.

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 a 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 modified accrual basis, covers all Authority activities of the Special Revenue Fund. At the end of the fiscal year, unexpended appropriations automatically lapse. Budget amendments are approved by the Board of Commissioners. Formal budgetary integration is employed as a management control device during the year for the Special Revenue Funds.

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY

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

Year ended June 30, 2021

**AGENCY HEAD NAME: EXECUTIVE DIRECTOR
W. Kevin Melton**

PURPOSE

Salary	\$148,647
Benefits	
Insurance	14,400
Retirement	18,380
Uniforms	-
Car Allowance	12,000
Reimbursements	-
Registration Fees	-
Travel	=
TOTAL	<u>\$193,427</u>

**CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
BOARD OF COMMISSIONERS
July 1, 2020 – June 30, 2021**

Denise Rau	President
Rico Guillory	Vice President
Charles K. Dalglish	Secretary/Treasurer
James G. Gobert	Commissioner
Andrew D. Hankins	Commissioner
Bill Hankins	Commissioner
Tad Martin	Commissioner

**CHENNAULT INTERNATIONAL AIRPORT AUTHORITY
SCHEDULE OF PER DIEM PAID COMMISSIONERS**

The schedule of per diem paid to Commissioners was prepared in compliance with house Concurrent Resolutions No. 54 of the 1979 Session of the Louisiana Legislature.

As provided by Louisiana Revised Statute 33:4710.6, member of the Commission serve without compensation.

COMMISSIONER	MEETINGS ATTENDED	COMPENSATION
Denise Rau	11	-0-
Rico Guillory	7	-0-
Charles K. Dalglish	10	-0-
James G. Gobert	12	-0-
Andrew D. Hankins	7	-0-
Bill Hankins	9	-0-
Tad Martin	11	-0-

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance With
Government Auditing Standards

Board of Commissioners
Chennault International Airport Authority
Lake Charles, 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 *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, major funds, and the remaining fund information of Chennault International Airport Authority as of and for the year then ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report dated December 29, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Chennault International Airport Authority's internal control over financial reporting (internal control) as a basis for designing 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 Chennault International Airport Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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.

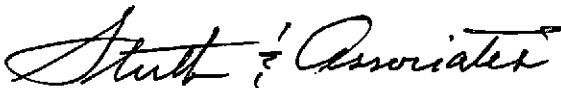
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Chennault International Airport Authority's financial statements are free from 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 financial statements. 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Lake Charles, Louisiana
December 29, 2021

Chennault International Airport Authority

SCHEDULE OF FINDINGS AND RESPONSES

Section I – Summary of Auditors’ Results

June 30, 2021

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? Yes No
- Significant deficiencies identified not considered to be material weaknesses Yes None reported
- Noncompliance material to financial statements noted? Yes No

No Separate Management Letter was issued.

Section II – Financial Statement Findings

Current Audit

There were no findings.

Prior Year Audit Findings

There were no findings.