

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY  
LAKE CHARLES, LOUISIANA

ANNUAL FINANCIAL REPORT

JUNE 30, 2022

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY

Lake Charles, Louisiana

**BOARD OF COMMISSIONERS**

June 30, 2022

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CHENNAULT INTERNATIONAL AIRPORT AUTHORITY  
LAKE CHARLES, LOUISIANA

ANNUAL FINANCIAL REPORT  
Year Ended June 30, 2022

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## Independent Auditors' Report

Board of Commissioners  
Chennault International Airport Authority  
Lake Charles, Louisiana

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chennault International Airport Authority as of and for the year then ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Chennault International Airport Authority as of June 30, 2022, 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.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Chennault International Airport Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Chennault International Airport Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Chennault International Airport Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Chennault International Airport Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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.

### ***Supplementary 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.

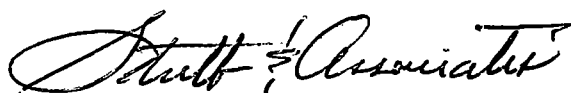
### ***Other Information***

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, 2022, 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.



Lake Charles, Louisiana  
December 29, 2022

## **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, 2022, with selected comparative information for the years ending June 30, 2021 and 2020. 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 the State of Louisiana 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. Prior to the fiscal year ended June 30, 2022 the Authority reported grant revenue of \$54,682. For the fiscal year ended June 30, 2022 the Authority reported grant revenue of \$2,669,039.
- The Authority entered into a grant agreement with the Federal Aviation Administration (FAA) in the amount of \$59,000 for Airport Rescue Grant dated July 30, 2021. For the fiscal year ended June 30, 2022 the Authority reported grant revenue of \$59,000.
- The Authority entered into a grant agreement with the Federal Aviation Administration (FAA) in the amount of \$3,473,678 to Reconstruct Taxiway Rehabilitate Taxiway Lighting dated June 17, 2021. For the fiscal year ended June 30, 2022 the Authority reported grant revenue of \$3,473,678.
- The Authority entered into a grant agreement with Federal Aviation Administration (FAA) in the amount of \$830,057 and with the Louisiana Department of Transportation and Development (DOTD) in the amount of \$1,124,504 with the funds from the grants to be used for Rehabilitate Apron. For the fiscal year ended June 30, 2022 the Authority reported grant revenue of \$751,997 from FAA and \$1,018,658 from DOTD.
- The Authority entered into a grant agreement with the Louisiana Department of Transportation and Development (DOTD) in the amount of \$194,280 to Construct Aircraft Maintenance, Repair, and Overhaul Hangar-Phase I Design. For the fiscal year ended June 30, 2022 the Authority reported grant revenue of \$194,280.
- The Authority entered into a grant agreement with the Louisiana Department of Transportation and Development (DOTD) in the amount of \$540,651 with the funds from the grant to be used to purchase one aircraft rescue firefighting truck with associated equipment, total project cost split between DOTD and CIAA.

For the fiscal year ended June 30, 2022 the Authority reported grant revenue of \$216,261. Final payment was made in November 2022 when the vehicle was delivered.

- The Authority completed several construction projects in the fiscal year ended June 30, 2022. Chennault Airport Boulevard, Hangar F Electrical and Mechanical Repairs, FWPH #1 Replacement and Building #2 Envelope and Interior Repairs.

### **Financial Analysis**

The assets of the Chennault International Airport Authority exceeded its liabilities at the close of the fiscal year ended June 30, 2022 by \$163,095,230. Table 1 on page 6 compares the calculation of net assets for the last three years. Net assets increased by \$13,952,128 during the fiscal year ended June 30, 2022. The changes in net position are detailed in Table 2 on page 7.

### **Long-Term Debt**

The Authority owes a total of \$4,270,000 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, 2022 is \$42,112.

The Authority owes a total of \$3,495,000 to the City of Lake Charles as of June 30, 2022 in connection with a cooperative endeavor agreement for the transfer of Mallard Cove land and clubhouse. The Authority was to pay the City of Lake Charles the sum of \$15,000 per month for a twenty year term beginning on December 1, 2021 (\$3,600,000). In the event the Authority's current property tax is renewed by election, any amounts remaining due to the City shall be paid over the course of twelve months from the renewal of such tax. The current property taxes were renewed by election on December 10, 2022 for a period of ten years beginning January 1, 2026.

### **Budgetary Highlights**

Property tax collections of \$14,498,610 from the 5.38 mill tax levied in 2022 exceeded the \$12,500,000 that was budgeted by \$1,998,610. 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, 2022 is 5.380 mills.

Rent income collected amounted to \$2,135,216, which is \$79,330 more than was budgeted for the year ending June 30, 2022.



**Table 1**  
**Chennault International Airport Authority**  
**Net Position**

	June 30, 2022	June 30, 2021	June 30, 2020
Assets other than property, plant and equipment:			
Cash and certificates of deposit	\$ 23,142,973	\$ 24,383,879	\$ 17,294,422
Receivables	2,543,127	13,313,488	167,603
Lease Receivable	16,139,122	-	-
Deposits	432,521	70,673	-
Prepaid Insurance	1,294,135	1,121,832	268,493
Total	<u>43,551,878</u>	<u>38,889,872</u>	<u>17,730,518</u>
Property, plant and equipment:			
Hangars	78,303,092	73,672,774	94,382,027
Offices, warehouses and shops	36,338,036	31,225,621	39,380,083
Airport operations buildings	4,122,222	4,122,222	4,914,706
Airfield pavement improvements	27,455,106	27,229,605	26,993,530
Roads and parking lots	6,831,850	5,887,159	5,897,783
Utility and Fire Protection Systems	9,816,097	9,499,815	9,499,815
Waste treatment plant	1,880,786	1,880,786	1,880,786
Fences and gates	3,013,422	2,661,287	2,661,287
Other improvements	10,260,741	9,756,061	9,756,061
Equipment	16,699,571	15,533,773	15,810,308
Subtotal	<u>194,720,923</u>	<u>181,469,103</u>	<u>211,176,386</u>
Less accumulated depreciation	<u>(86,788,902)</u>	<u>(81,411,968)</u>	<u>(88,516,545)</u>
Capital Assets, net of depreciation	107,932,021	100,057,135	122,659,841
Land	13,670,078	9,893,903	9,893,903
Construction in progress	25,488,072	7,360,231	1,889,761
Total property, plant and equipment	<u>147,090,171</u>	<u>117,311,269</u>	<u>134,443,505</u>
Total Assets	<u>190,642,049</u>	<u>156,201,141</u>	<u>152,174,023</u>
Liabilities:			
Other liabilities	4,790,986	2,788,039	1,058,530
Long-term liabilities	6,925,000	4,270,000	4,930,000
Total liabilities	<u>11,715,986</u>	<u>7,058,039</u>	<u>5,988,530</u>
Deferred Inflows	<u>15,830,833</u>	<u>-</u>	<u>-</u>
Net Position:			
Invested in capital assets	143,526,867	116,220,393	134,224,625
Restricted for capital projects	7,138,859	6,904,592	5,704,989
Unrestricted	12,429,504	26,018,117	6,255,879
Total Net Position	<u>\$ 163,095,230</u>	<u>\$ 149,143,102</u>	<u>\$ 146,185,493</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, 2022	June 30, 2021	June 30, 2020
Revenues:			
Property tax	\$ 14,498,610	\$ 13,026,650	\$ 13,131,547
Rent income	1,939,620	2,188,364	1,974,813
Miscellaneous income	238,048	141,817	123,202
Interest income	560,575	46,365	127,651
Grants	8,382,913	271,520	387,134
Subtotal	<u>25,619,766</u>	<u>15,674,716</u>	<u>15,744,347</u>
Other Financing Sources:			
Gain on Hurricane Insurance Claim	3,266,291	12,503,348	-
FEMA proceeds	-	-	478,031
Total revenues and other financing sources	<u>28,886,057</u>	<u>28,178,064</u>	<u>16,222,378</u>
Expenses:			
Operate, maintain and repair airport and facilities	8,198,152	18,398,242	6,356,047
Intergovernmental	1,118,493	1,121,744	1,018,357
Interest and fiscal charges paid on debt	141,261	160,002	178,198
Depreciation	5,476,023	5,540,467	6,365,499
Total	<u>14,933,929</u>	<u>25,220,455</u>	<u>13,918,101</u>
Increase in Net Position	13,952,128	2,957,609	2,304,277
Beginning Net Position	149,143,102	146,185,493	143,881,216
Ending Net Position	<u>\$ 163,095,230</u>	<u>\$ 149,143,102</u>	<u>\$ 146,185,493</u>

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET  
June 30, 2022

	Governmental Fund Types	
	Special Revenue	Capital Projects
<b>ASSETS</b>		
Cash	\$ 20,150,293	\$ 2,992,680
Receivables:		
Taxes	55,058	-
Federal/State Grants	-	2,445,712
Other	42,357	-
Lease Receivable	-	-
Land	-	-
Other Capital Assets, net of accumulated depreciation	-	-
Deposits	432,521	-
Prepaid insurance	1,294,135	-
Due from other funds	-	1,778,702
	<u>\$ 21,974,364</u>	<u>\$ 7,217,094</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 265,749	\$ 78,235
Intergovernmental		
Due within one year	-	-
Due after one year	-	-
Accrued expenses	843	-
Contracts payable	1,724,708	1,838,596
Deferred revenues	743	-
Due to other funds	1,778,702	-
Certificates of indebtedness		
Due within one year	-	-
Due after one year	-	-
	<u>3,770,745</u>	<u>1,916,831</u>
<b>DEFERRED INFLOWS</b>		
Deferred inflows of resources related to lease receivables	-	-
	<u>-</u>	<u>-</u>
<b>FUND BALANCES/ NET POSITION</b>		
<b>Fund Balances</b>		
Nonspendable: prepaid insurance	1,294,135	-
Committed for construction and repairs	1,724,708	5,300,263
Assigned to:		
Airport facility	15,184,776	-
	<u>18,203,619</u>	<u>5,300,263</u>
	<u>\$ 21,974,364</u>	<u>\$ 7,217,094</u>
<b>Net Position</b>		
Net investment in capital assets		
Restricted for construction and repairs		
Unrestricted		
Total net position		

Total Government Funds	Adjustments	Statement of Net Position
\$ 23,142,973	\$ -	\$ 23,142,973
55,058	-	55,058
2,445,712	-	2,445,712
42,357	-	42,357
-	16,139,122	16,139,122
-	13,670,078	13,670,078
-	133,420,093	133,420,093
432,521	-	432,521
1,294,135	-	1,294,135
<u>1,778,702</u>	<u>(1,778,702)</u>	<u>-</u>
<u>\$ 29,191,458</u>	<u>\$ 161,450,591</u>	<u>\$ 190,642,049</u>
\$ 343,984	\$ -	\$ 343,984
-	180,000	180,000
-	3,315,000	3,315,000
843	42,112	42,955
3,563,304	-	3,563,304
743	-	743
1,778,702	(1,778,702)	-
-	660,000	660,000
<u>-</u>	<u>3,610,000</u>	<u>3,610,000</u>
5,687,576	6,028,410	11,715,986
<u>-</u>	<u>15,830,833</u>	<u>15,830,833</u>
1,294,135	(1,294,135)	
7,024,971	(7,024,971)	
<u>15,184,776</u>	<u>(15,184,776)</u>	
<u>23,503,882</u>	<u>(23,503,882)</u>	
<u>\$ 29,191,458</u>	<u>(1,644,639)</u>	
	143,526,867	143,526,867
	7,138,859	7,138,859
	<u>12,429,504</u>	<u>12,429,504</u>
	<u>\$ 163,095,230</u>	<u>\$ 163,095,230</u>

See Accompanying Notes to Financial Statements

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY  
RECONCILIATION OF GOVERNMENTAL FUND BALANCE TO NET POSITION  
June 30, 2022

Total Governmental Fund Balances \$ 23,503,882

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	13,670,078
Buildings	118,763,350
Airfield Pavement Improvement	27,455,106
Roads and Parking	6,831,850
Utility and Fire Protection Systems	9,816,097
Waste Treatment Plant	1,880,786
Fences and Gates	3,013,422
Other Improvements	10,260,741
Equipment	16,699,571
Construction in progress	25,488,072
Accumulated depreciation	<u>(86,788,902)</u>
Other capital assets, net of accumulated depreciation	133,420,093

Lease receivables are not available resources and, therefore, are not reported in the governmental funds 16,139,122

Interfund receivables are eliminated in reporting total assets (1,778,702)

Total asset adjustments 161,450,591

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

Intergovernmental - due to the City of Lake Charles	3,495,000
Certificates of indebtedness	4,270,000
Accrued interest	42,112

Interfund payables are eliminated in reporting total assets (1,778,702)

Total liability adjustments 6,028,410

The deferred inflow of resources related to lease receivables is not an available resource, and therefore, is not reported in the governmental funds (15,830,833)

Net position of governmental activities \$ 163,095,230

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
Fiscal Year Ended June 30, 2022

	Governmental Funds	
	Special Revenue	Capital Projects
Revenues:		
Taxes	\$ 14,498,610	\$ -
Rents	2,135,216	-
Interest	52,420	4,270
Fuel flowage	107,360	-
Miscellaneous	130,688	-
Grant proceeds	<u>275,261</u>	<u>8,107,652</u>
Total revenues	<u>17,199,555</u>	<u>8,111,922</u>
Expenditures:		
Current operating:		
Personal services	2,572,822	-
Travel	31,655	-
Contractual services	4,580,931	-
Intergovernmental	1,223,493	-
Supplies and materials	877,231	-
Repairs and maintenance	19,140,916	-
Depreciation	-	-
Capital outlays	434,699	12,436,981
Debt service:		
Interest and fiscal charges	<u>787,573</u>	<u>-</u>
Total expenditures	<u>29,649,320</u>	<u>12,436,981</u>
Excess (deficiency) of revenues over expenditures	<u>(12,449,765)</u>	<u>(4,325,059)</u>
Other financing sources (uses):		
Insurance proceeds	3,488,459	-
Net gain from hurricane insurance claim	-	-
Operating transfers in	-	3,000,000
Operating transfers (out)	<u>(3,000,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>488,459</u>	<u>3,000,000</u>
Net change in fund balance/ net position	(11,961,306)	(1,325,059)
Fund balance/ net position Beginning of year	<u>30,164,935</u>	<u>6,625,322</u>
End of year	<u>\$ 18,203,629</u>	<u>\$ 5,300,263</u>

See Accompanying Notes to Financial Statements

Total Government Funds	Adjustments	Statement of Activities
\$ 14,498,610	\$ -	\$ 14,498,610
2,135,216	(195,596)	1,939,620
56,690	503,885	560,575
107,360	-	107,360
130,688	-	130,688
8,382,913	-	8,382,913
<u>25,311,477</u>	<u>308,289</u>	<u>25,619,766</u>
2,572,822	-	2,572,822
31,655	-	31,655
4,580,931	-	4,580,931
1,223,493	(105,000)	1,118,493
877,231	(479,263)	397,968
19,140,916	(18,526,140)	614,776
-	5,476,023	5,476,023
12,871,680	(12,871,680)	-
<u>787,573</u>	<u>(646,312)</u>	<u>141,261</u>
<u>42,086,301</u>	<u>(27,152,372)</u>	<u>14,933,929</u>
<u>(16,774,824)</u>	<u>27,460,661</u>	<u>10,685,837</u>
3,488,459	(3,488,459)	-
-	3,266,291	3,266,291
3,000,000	-	3,000,000
(3,000,000)	-	(3,000,000)
<u>3,488,459</u>	<u>(222,168)</u>	<u>3,266,291</u>
(13,286,365)	27,238,493	13,952,128
<u>36,790,257</u>	<u>112,352,845</u>	<u>149,143,102</u>
<u>\$ 23,503,892</u>	<u>\$ 139,591,338</u>	<u>\$ 163,095,230</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, 2022

Net change in fund balances - total governmental funds \$ (13,286,365)  
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 (222,168)

Governmental funds report lease revenues as the payments are earned. However, in the statement of activities, lease revenues are based on the principle that leases are financing the right to use the underlying asset. A lessor is required to recognize the revenue over the term of the lease based on principal and interest payments earned.

For the current period, the adjustments to recognize long-term leases are:

Rent revenue	(195,596)	
Interest revenue	503,885	
Net adjustments	308,289	308,289

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	12,871,680	
Repairs	18,526,140	
Reclassification from capital outlay to supplies and materials	479,263	
Depreciation expense	(5,476,023)	
Excess of capital outlay over depreciation expense	26,401,060	26,401,060

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:

Intergovernmental - due to the City of Lake Charles	105,000	
Principal payment	640,000	
Net decrease in accrued interest payable	6,312	
Net increase	751,312	751,312

Change in net position of governmental funds \$ 13,952,128



CHENNAULT INTERNATIONAL AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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, 2022  
(continued)

1. **Summary of Significant Accounting Policies (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, 2022  
(continued)

1. **Summary of Significant Accounting Policies (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.

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(continued)

1. **Summary of Significant Accounting Policies (continued)**

**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. 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.

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(continued)

1. **Summary of Significant Accounting Policies (continued)**

**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, 2022 unrecorded Special Revenue Fund liabilities included approximately \$137,686 vacation pay and \$4,590 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.

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, 2022, the Authority had \$25,324,583 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$25,074,583 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, 2022 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, 2022 was \$3,000,000.

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(continued)

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

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, 2022 was \$375,000. The total amount paid to the DeQuincy Airport Authority for the year ending June 30, 2022 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. **Lease Receivable**

The Authority implemented GASBS No. 87 for the year ended June 30, 2022. Under this statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the governments’ leasing activities. The lease receivable is measured at the present value of lease payments expected to be received during the lease term discounted using interest rate of 2.975%.

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(continued)

4. **Lease Receivable (continued)**

Leases receivables, lease revenue and lease interest revenue related to long term leases are as follows:

<u>Property/Term</u>	<u>Lease Date</u>	<u>Lease Receivable</u>	<u>Lease Revenue</u>	<u>Interest</u>
Northrop Grumman 5 year	1/1/2021	\$910,645	\$255,616	\$30,971
Louisiana Millwork 5 year	1/1/2021	1,003,741	282,637	34,202
Million Air – Building 15 year	1/1/2021	2,209,796	164,725	67,523
Million Air – Hangar 5 year	1/1/2021	176,560	56,311	6,124
Citadel Completions 10 year	1/1/2019	2,702,374	423,383	88,052
Landlocked 5 year with 3 5 year options	8/19/2017	<u>9,136,006</u>	<u>587,813</u>	<u>277,012</u>
Total		<u>\$16,139,122</u>	<u>\$1,770,485</u>	<u>\$503,884</u>

Future payments due to the Authority under non-cancelable agreements are as follows:

Year ended June 30	Principal	Interest
2023	\$1,462,917	\$460,367
2024	1,527,747	415,937
2025	1,590,819	369,607
2026	1,329,940	323,628
2027	1,085,416	289,569
Thereafter	<u>9,142,283</u>	<u>1,353,039</u>
Total	<u>\$16,139,122</u>	<u>\$3,212,147</u>

5. **Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future periods and so will not be recognized as an inflow of resourced (revenue) until that time. The Authority has only one type of revenue that qualifies for reporting in this category. Accordingly the Authority has reported deferred inflows from leases in the amount of \$15,830,833 as of June 30, 2022.

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(continued)

6. **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, 2022, the Authority levied taxes of 5.38 mills on property with assessed valuation totaling \$2,667,632,551. The taxes were dedicated to maintaining, operating, relocating, constructing, or improving Airpark facilities of the Authority. Total taxes levied were \$14,351,863.

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.

7. **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 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.

The annual requirements to amortize the indebtedness outstanding as of June 30, 2022 is as follows:

<u>Year Ending June 30</u>	<u>Interest</u>	<u>Principal</u>
2023	\$127,033	\$660,000
2024	107,398	680,000
2025	87,167	700,000
2026	66,343	720,000
2027 and thereafter	<u>67,680</u>	<u>1,510,000</u>
	<u>\$455,621</u>	<u>\$4,270,000</u>



CHENNAULT INTERNATIONAL AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(continued)

8. **Mallard Cove Property**

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). On September 15, 2021, the golf course was complete and the land was transferred per the Cooperative Endeavor Agreement.

The Authority owes a total of \$3,495,000 to the City of Lake Charles as of June 30, 2022 in connection with the cooperative endeavor agreement. In the event the Authority's current property tax is renewed by election, any amounts remaining due to the City shall be paid over the course of twelve months from the renewal of such tax. The current property taxes were renewed by election on December 10, 2022.

9. **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, 2022:

<u>Debtor</u>	<u>Balance July 1, 2021</u>	<u>Borrowings</u>	<u>Payments</u>	<u>Balance June 30, 2022</u>
Intergovernmental –				
City of Lake Charles	\$ -	\$3,600,000	\$105,000	\$3,495,000
Certificates of				
Indebtedness	<u>4,910,000</u>	-	<u>640,000</u>	<u>4,270,000</u>
Total	<u>\$4,910,000</u>	<u>\$3,600,000</u>	<u>\$745,000</u>	<u>\$7,765,000</u>

10. **Capital Assets Activity**

Capital assets consist of the following:

	<u>June 30, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>
Non-depreciable:				
Construction in Progress	\$7,360,231	\$30,963,115	(\$12,835,274)	\$25,488,072
Land	9,893,903	3,776,175	-	13,670,078
Depreciable:				
Buildings	109,020,617	10,063,994	(321,261)	118,763,350
Improvements				
other than buildings	56,914,713	2,343,289	-	59,258,002
Equipment	<u>15,533,773</u>	<u>1,165,798</u>	-	<u>16,699,571</u>
Total	198,723,237	48,312,371	(13,156,535)	233,879,073
Accumulated Depreciation	<u>(81,411,968)</u>	<u>(5,476,023)</u>	<u>99,089</u>	<u>(86,788,902)</u>
Net Capital Assets	<u>\$117,311,269</u>	<u>\$42,836,348</u>	<u>(\$13,057,446)</u>	<u>\$147,090,171</u>

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(continued)

10. **Capital Assets Activity (continued)**

During the fiscal year ended June 30, 2022, the Authority completed construction on several capital projects. Listed below is a summary of the completed projects.

	Prior Period Expenditures	Year Ended June 30, 2022	Total Project Expenditures
Chennault Airport Boulevard	793,946	150,745	944,691
Site Backflow Preventer	108,869	135,426	244,295
Hangar A Foam Bladder	43,594	40,871	84,465
Hangar F Elect & Mechanical	901	2,344,988	2,345,889
Mallard Cove Acquisition	176,175	-	176,175
CIAA Drainage-Program	270,000	-	270,000
Construct Aircraft Maintenance	-	194,280	194,280
Facility Lighting	-	207,230	207,230
Fire Station Domestic Water	-	29,052	29,052
Hangar E Exhaust Fans	1,327,626	99,956	1,427,582
FWPH #1 Replacement	2,503,998	67,788	2,571,786
Interim Repairs-La Millwork	78,100	240,021	318,121
Low Slope Roof Replacement	-	149,986	149,986
Air Traffic Control Tower	235,000	8,782	243,782
Runway 15 MALSR	-	140,000	140,000
Building #2 Envelope & Interior	74,956	1,302,006	1,376,962
Supply & Install Electric Gate	281,044	-	281,044
Million Air FBO Repairs	-	250,000	250,000
Million Air FBO Roof & Soffit	-	248,900	248,900
GSE Building 3105 Repairs	-	176,833	176,833
NDT Building 3102 Repairs	-	97,306	97,306
Hangar D West Annex-A	-	134,900	134,900
Hangar D West Annex-B	-	209,800	209,800
T-Hangar Repairs	-	375,372	375,372
Other projects	212,203	124,620	336,823
	<u>\$6,106,412</u>	<u>\$6,728,862</u>	<u>\$12,835,274</u>

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(continued)

10. **Capital Assets Activity (continued)**

Construction in progress as of June 30, 2022, is composed of the following:

	<u>Budget</u>	<u>Expended to date</u>	<u>Committed</u>
Air Cargo	4,490,000	\$4,411,360	78,640
Rehabilitate Taxiway Golf and Apron	-	2,703,138	2,703,138
Emergency Operations Center	560,000	268,981	291,019
Taxiway Delta Realignment	-	3,392,387	-
New Parking Lot T-Hangar	-	101,560	-
LA Millwork #1 Envelope Repairs	2,793,000	2,088,267	704,733
Hangar H	7,294,897	6,963,859	331,038
CIAA Maintenance Shop	119,500	56,833	62,667
CIAA Maintenance Equip	248,900	175,945	72,955
CIAA Building 3010 Bladder Shop	188,000	114,688	73,312
CIAA Maintenance Building	1,984,900	676,370	1,308,530
ARFF Storage Building	85,250	39,575	45,675
Fire Station Building	410,928	350,336	60,592
Hurricane Expense	-	4,040,783	-
Other projects	-	103,990	-
		<u>\$25,488,072</u>	

11. **Leased Property**

The Authority leases its property to various commercial and governmental operations. A significant portion of these leases are non-cancelable leases. The cost of leased building property and improvements is \$115,520,731 and the amount of accumulated depreciation as of June 30, 2022 was \$51,358,522

Fuel flowage income associated with the Authority's non-cancelable leases was approximately \$102,722 for the year ended June 30, 2022. The Authority's fuel flowage fee is eight cents per gallon.

12. **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.

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(continued)

12. **Deferred Compensation Plan (continued)**

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 \$190,349 for employees covered by the deferred compensation plan for the year ended June 30, 2022. The total amount owed to the plan as of June 30, 2022 was \$0.

13. **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>Unarmed Security</u>	<u>Runway Equipment</u>
June 30, 2023	\$110,188	\$ 31,500
June 30, 2024	-	31,500
June 30, 2025	-	31,500
June 30, 2026	-	<u>5,250</u>
Total	<u>\$110,188</u>	<u>\$99,750</u>

Unarmed Security

The term of these services shall be for a period of one year commencing November 1, 2021 and ending October 31, 2022 with the Authority’s option to extend the period of service for one additional year for \$330,564.

Federal Emergency Management Agency – Hurricane Rita

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.

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022  
(continued)

13. **Contingencies and Commitments (continued)**

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 approximately \$50,000,000 to \$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 are 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).

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 2022.

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, 2022.

14. **Subsequent Events**

Subsequent events were evaluated through December 29, 2022, 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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
<b>Revenues:</b>				
Taxes	\$ 12,500,000	\$ 12,500,000	\$ 14,498,610	\$ 1,998,610
Rents	2,055,886	2,055,886	2,135,216	79,330
Interest	11,000	11,000	52,420	41,420
Miscellaneous	107,000	107,000	238,048	131,048
Grant proceeds	-	-	275,261	275,261
Total revenues	<u>14,673,886</u>	<u>14,673,886</u>	<u>17,199,555</u>	<u>2,525,669</u>
<b>Expenditures:</b>				
Salaries	2,274,834	2,274,834	2,056,238	218,596
Employee benefits and taxes	620,369	620,369	516,584	103,785
Travel	76,000	76,000	31,655	44,345
Advertising	89,000	89,000	41,063	47,937
Architectural and engineering	405,000	405,000	74,022	330,978
Control tower	76,000	76,000	24,112	51,888
Fire protection	1,294,305	1,294,305	1,281,496	12,809
Insurance	1,930,485	1,930,485	2,015,214	(84,729)
Maintenance	68,060	68,060	62,799	5,261
Rentals	17,700	17,700	38,134	(20,434)
Telephone and utilities	283,000	283,000	270,992	12,008
Miscellaneous Contractual	1,018,500	1,018,500	773,099	245,401
Intergovernmental	1,285,200	1,285,200	1,223,493	61,707
Business development	40,000	40,000	23,152	16,848
Office Expense	23,000	23,000	33,043	(10,043)
Maintenance supplies	432,000	432,000	100,724	331,276
Vehicles-fuel and repairs	803,000	803,000	720,312	82,688
Major repairs	25,921,500	25,921,500	19,140,916	6,780,584
Capital outlays	1,127,000	1,127,000	434,699	692,301
Debt service	<u>789,073</u>	<u>789,073</u>	<u>787,573</u>	<u>1,500</u>
Total expenditures	<u>38,574,026</u>	<u>38,574,026</u>	<u>29,649,320</u>	<u>8,924,706</u>
Excess of revenues over expenditures	(23,900,140)	(23,900,140)	(12,449,765)	11,450,375

(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, 2022  
(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	(23,900,140)	(23,900,140)	(12,449,765)	11,450,375
Other financing sources (uses):				
Insurance proceeds	15,000,000	2,774,820	3,488,459	713,639
FEMA proceeds	-	1,764,885	-	(1,764,885)
Operating transfers out	<u>(3,000,000)</u>	<u>(3,000,000)</u>	<u>(3,000,000)</u>	<u>-</u>
Total Other Sources (Uses)	<u>12,000,000</u>	<u>1,539,705</u>	<u>488,459</u>	<u>(1,051,246)</u>
Net change in fund balance	<u>\$ (11,900,140)</u>	<u>\$ (22,360,435)</u>	(11,961,306)	<u>\$ 10,399,129</u>
Fund balance at beginning of year			<u>30,164,935</u>	
Fund balance at end of year			<u>\$ 18,203,629</u>	



Chennault International Airport Authority  
Note to Required Supplementary Information-Budgetary Reporting  
For the year ended June 30, 2022

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 EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2022

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U. S. Department of Transportation Federal Aviation Administration Airport Improvement Program	20.106	<u>4,284,675</u>
		<u>\$4,284,675</u>

See accompanying notes to schedule of expenditures of federal awards

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2022

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Chennault International Airport Authority (the Authority) under programs of the federal government for the year ended June 30, 2022. 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.

CHENNAULT INTERNATIONAL AIRPORT AUTHORITY

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

Year ended June 30, 2022

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

<b><u>PURPOSE</u></b>	<b><u>AMOUNT</u></b>
Salary	\$155,499
Benefits	
Insurance	14,400
Retirement	18,998
Uniforms	750
Car Allowance	12,000
Reimbursements	-
Registration Fees	-
Travel	<u>1,799</u>
<b>TOTAL</b>	<b><u><u>\$203,446</u></u></b>

**CHENNAULT INTERNATIONAL AIRPORT AUTHORITY  
BOARD OF COMMISSIONERS  
July 1, 2021 – June 30, 2022**

Denise Rau	President
Bill Hankins	Vice President
Charles K. Dalglish	Secretary/Treasurer
Nora Popillion	Commissioner
Andrew D. Hankins	Commissioner
Tuwanna Guillory-August	Commissioner
Tad Martin	Commissioner
Rico Guillory	Vice President

**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
Andrew D. Hankins	8	-0-
Denise Rau	15	-0-
Tuwanna Guillory-August	13	-0-
Charles K. Dalglish	16	-0-
Nora Popillion	8	-0-
Bill Hankins	10	-0-
Tad Martin	14	-0-
Rico Guillory	1	-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, 2022, and the related notes to financial statements, and have issued our report thereon, dated December 29, 2022.

### **Report on 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 opinion 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 Organization'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 Organization'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.

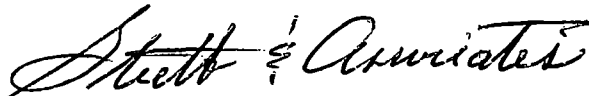
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant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

## **Report on 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization'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, 2022

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

Board of Commissioners  
Chennault International Airport Authority  
Lake Charles, Louisiana

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Chennault International Airport Authority's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Chennault International Airport Authority's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Chennault International Airport 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 June 30, 2022.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our 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). Our responsibility under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Chennault International Airport Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Chennault International Airport Authority compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, regulations, rules, and provisions of contracts or grant agreements applicable to Chennault International Airport Authority's federal programs.



### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Chennault International Airport Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Chennault International Airport Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Chennault International Airport Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Chennault International Airport Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Chennault International Airport Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Lake Charles, Louisiana  
December 29, 2022

Chennault International Airport Authority  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Section I – Summary of Auditors’ Results  
 June 30, 2022

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? \_\_\_ Yes      \_\_X\_ No
- Significant Deficiency(ies) identified that are 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 weakness identified? \_\_\_ Yes      \_\_X\_ No
- Significant Deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_ Yes      \_\_X\_ None reported

Type of auditors’ report issued on compliance for the major federal award programs: Unmodified

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</u>
20.106	U. S. Department of Transportation Federal Aviation Administration Airport Improvement Program

The threshold for distinguishing Types A and B programs was \$750,000.

Auditee qualified as low-risk auditee? \_\_\_ Yes      \_\_X\_ No

Chennault International Airport Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section II – Financial Statement Findings

**Current Audit**

There were no findings.

**Prior Audit**

There were no findings or questioned costs.

Section III – Federal Awards Findings and Questioned Costs

**Current Audit**

There were no findings or questioned costs.

**Prior Audit**

There were no findings or questioned costs.

INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Chennault International Airport Authority and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Chennault International Airport Authority's management is responsible for those C/C areas identified in the SAUPs.

Chennault International Airport Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget  
***We performed the procedure above and noted no exceptions.***
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.  
***We performed the procedure above and noted no exceptions.***
  - c) ***Disbursements***, including processing, reviewing, and approving.  
***We performed the procedure above and noted no exceptions.***
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).  
***We performed the procedure above and noted no exceptions.***

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

*We performed the procedure above and noted no exceptions.*

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

*We performed the procedure above and noted no exceptions.*

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

*We performed the procedure above and noted no exceptions.*

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

*We performed the procedure above and noted no exceptions.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

*We performed the procedures above and noted no exceptions.*

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

*We performed the procedure above and noted no exceptions.*

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

*We performed the procedure above and noted no exceptions.*

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

*We performed the procedure above and noted the following exception:*

**The written policies and procedures does not include procedures for annual employee training or annual reporting of sexual harassment.**

**Management's response:**

**1l) Sexual Harassment: We will update our sexual harassment policy to note the annual 1 hour training requirement for all employees and the requirement to complete the annual report showing completion of annual sexual harassment training .**

### ***Board or Finance Committee***

---

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

***We performed the procedures above and noted no exceptions.***

### ***Bank Reconciliations***

---

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

***We performed the procedures above and noted no exceptions.***

### ***Collections (excluding electronic funds transfers)***

---

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - e) Trace the actual deposit per the bank statement to the general ledger.

***We performed the procedures above and noted no exceptions.***

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

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8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).



9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

***We performed the procedures above and noted no exceptions.***

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the person who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.  
  
[Note: requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]  
  
***We performed the procedure above and noted no exceptions.***
  - b) Observe that finance charges and late fees were not assessed on the selected statements.

***We performed the procedure above and noted no exceptions.***

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

*We performed the procedures above and noted the following exceptions:*

<u>Payee</u>	<u>Amount</u>	<u>Exception Noted</u>
Stamps.com	\$17.99	No documentation of business purpose or original receipt
Willscot Mobile	\$210.00	No documentation of business purpose
Willscot Mobile	\$105.00	No documentation of business purpose
Navarre Carwash	\$21.95	No documentation of business purpose or original receipt
Sporty’s Catalog	\$31.06	No documentation of business purpose or original receipt
Sporty’s Catalog	\$23.10	No documentation of business purpose
Sporty’s Catalog	\$22.29	No documentation of business purpose or original receipt
Sporty’s Catalog	\$14.93	No documentation of business purpose
Stamps.com	\$17.99	No documentation of business purpose or original receipt
Adobe	\$15.66	No documentation of business purpose or original receipt
Adobe	\$15.66	No documentation of business purpose or original receipt

*Management’s response:*

*13) The entity will maintain supporting documentation of the business purpose and original receipts for credit card purchases.*

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

***We performed the procedures above and noted no exceptions.***

### ***Contracts***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

***We performed the procedures above and noted no exceptions.***

### ***Payroll and Personnel***

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16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

***We performed the procedures above and noted no exceptions.***

- 18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

***There was only one termination payment during the fiscal year ending June 30, 2022. We performed the procedure above in relation to the termination payment and noted no exceptions.***

- 19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

***We performed the procedure above and noted no exceptions.***

### ***Ethics***

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- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
  - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

***We performed the procedures above and noted the following exceptions:***

***Of the sample selected there was one employee with no documentation demonstrating he completed one hour of ethics training during the fiscal period.***

### ***Management's response:***

***20b) The Director responsible for oversight of this procedure understood that this requirement was only for those with an email. As a result of this finding, all directors will be retrained on the requirements of this Statute and will provide the executive director a written report upon completion of all training on an annual basis.***

### ***Debt Service***

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- 21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

*We performed the procedures above and noted no exceptions.*

### ***Fraud Notice***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*We performed the procedures above and noted no exceptions.*

### ***Information Technology Disaster Recovery/Business Continuity***

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25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
  - b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - c. Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

*We performed the procedures above and discussed the results with management.*

### ***Sexual Harassment***

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26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

*We performed the procedure above and noted the following exception:*

**The authority did provide training during the fiscal year, however there was no documentation demonstrating each employee completed at least one hour of sexual harassment training during the fiscal period.**

27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

*We performed the procedure above and noted the following exception:*

**The Entity does not have the sexual harassment policy posted to their website.**

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:
- a. Number and percentage of public servants in the agency who have completed the training requirements;
  - b. Number of sexual harassment complaints received by the agency;
  - c. Number of complaints which resulted in a finding that sexual harassment occurred;
  - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - e. Amount of time it took to resolve each complaint.

*We performed the procedures above and noted the following exception:*

**The Entity did not prepare the annual sexual harassment report.**

*Management's response:*

*26) A sign-in sheet for all personnel showing that all personnel were provided the required training. Management will adjust the form indicating that 1 hour of training was provided.*

*27) Management will post the sexual harassment policy on the organizations website.*

*28) The entity will prepare an annual sexual harassment report in compliance with Louisiana Revised Statutes 42:344.*

We were engaged by Chennault International Airport Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Chennault International Airport Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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



Lake Charles, Louisiana  
December 29, 2022