

**GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA**

**ANNUAL FINANCIAL REPORTS
Years Ended June 30, 2019 and 2018**

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Grand Isle Port Commission
Grand Isle, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of the Grand Isle Port Commission (the "Port"), as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Grand Isle Port Commission as of June 30, 2019 and 2018 and the respective changes in financial position and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

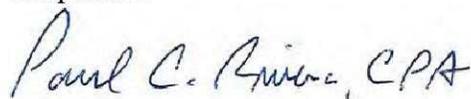
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the Port's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplemental information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated December 11, 2019, on my consideration of the Port's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control over financial reporting and compliance.



December 11, 2019

GRAND ISLE PORT COMMISSION
PO BOX 500
GRAND ISLE, LA 70358

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Grand Isle Port Commission (the "Port"), we offer readers of the Port's financial statements this narrative overview and analysis of the financial activities of the Grand Isle Port Commission for the fiscal year ended June 30, 2019.

We encourage readers to consider the information presented here in conjunction with the financial statements, which begin on page 12. All amounts, unless otherwise noted, are expressed in thousands (\$1,000's) of dollars.

FINANCIAL HIGHLIGHTS

- The assets of the Port exceeded its liabilities at the close of the most recent fiscal year by \$4,608 (*net position*). Of this amount, \$4,279 or 91.1 percent is invested in capital assets, such as land, equipment, vehicles, and infrastructure. The remaining balance of \$420 (*unrestricted*) or 8.9 percent may be used to meet the government's ongoing obligations to citizens and creditors.
- The Port's total Net Position increased by \$91 or 2.0 percent during the current year because total revenues (\$337) were more than total expenses (\$246). Some of the major revenues this year included \$30 in rentals and service charges, \$304 in ad valorem taxes, and \$1 in interest income. Some of the major expenses included \$101 in salaries and benefits, \$19 in professional fees (legal fees, mostly related to the Caminada Marker lawsuit), \$26 in repairs and maintenance, \$4 in travel and meals (conferences and meals), \$5 in auditing fees, \$3 in navigation and safety costs, \$12 in insurance (building, liability and flood), \$11 in utilities, \$7 in office expenses, \$1 for costs associated with operating and maintaining the new commercial dock, and \$60 in depreciation.
- Construction in progress at year end was \$83, made up of the engineering costs incurred on the FEMA pier and bulkhead repair project (PW 1097 – 4080DRLA). This project is in the planning phase.
- The Port has no long-term debt as of June 30, 2019.
- During September 2012, Hurricane Isaac affected the area and caused widespread tidal flood damage. The Port's docks and bulkheads received damage from the tidal floods. Claims of \$1,406 have been obligated. During 2018, \$83 was spent and approved on this project. Reimbursements of \$62 were received (75 percent) and recognized as revenue in 2018. There was no activity in the current year as this project is just now entering the bid phase.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Port's basic financial statements.

Under GASB Statement No. 34, "government-wide" financial statements are to distinguish between functions of the Port that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Because the Port only engages in "business-type" activities, government-wide financials are not presented. Only the fund financial statements of the Enterprise Fund are presented as the Port's basic financial statements.

The Port's basic financial statements are comprised of two components: 1) Enterprise Fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include only the financial activities of the Grand Isle Port Commission, which is a component unit of the State of Louisiana. The State of Louisiana (the primary government) issues financial statements that include the activity contained in these financial statements. The State's financial statements are issued by the Louisiana Division of Administration – Office of Statewide Reporting and Accounting Policy and are audited by the Louisiana Legislative Auditor.

The basic financial statements can be found on pages 12 to 14 of this report.

Fund financial statements. A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Port, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As noted above, the Port only engages in "business-type" activities and therefore only presents one type of fund – "Proprietary Funds". These fund financial statements are presented as the basic financial statements of the Port.

Proprietary funds. The Port maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities*. The Enterprise Fund financial statements present information on the Port's general operations.

As noted above, the basic proprietary fund financial statements can be found on pages 12 to 14 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 15 to 22 of this report.

Other information. The Supplemental information several schedules required by the State, such as Per Diems Paid to Commissioners, a Schedule of Compensation, Benefits and Other Payments Made to the Agency Head or Chief Executive Officer, and a schedule of State Funding. This information can be found on pages 24 to 26.

FINANCIAL ANALYSIS

As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position. In the case of the Port, assets exceeded liabilities by \$4,699 at June 30, 2019.

A large portion of the Port's net position (\$4,279 or 91.1 percent) reflects its investment in capital assets (e.g., land, buildings, furniture and fixtures, machinery, vehicles and equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Port used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Port's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

GRAND ISLE PORT COMMISSION PROPRIETARY FUNDS - ENTERPRISE FUND

	Business-Type Activities			
	2019		2018	
Current and other assets	\$ 552		\$ 401	
Restricted assets	0		4	
Capital assets	4,279		4,339	
Total assets	<u>4,831</u>		<u>4,744</u>	
Long-term liabilities outstanding	0		0	
Other liabilities	132		136	
Total liabilities	<u>132</u>		<u>136</u>	
Net Position				
Net investment in capital assets	4,279	91.1%	4,339	94.2%
Restricted	0	0.0%	4	0.1%
Unrestricted	420	8.9%	265	5.8%
Net Position	<u>\$ 4,699</u>		<u>\$ 4,608</u>	

The *restricted net position* totaled \$-0- or 0.0 percent at year end. This money was previously set aside to pay previously exhausted debt. This restricted account was closed in 2019.

The balance of *unrestricted net position* (\$420 or 8.9 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At June 30, 2019, the Port is able to report positive fund balances in all three categories of Net Position.

The Port's net position increased by \$91 or 2.0 percent, during the current fiscal year.

Business-type Activities. Business-type activities increased the Port's net position by \$91.

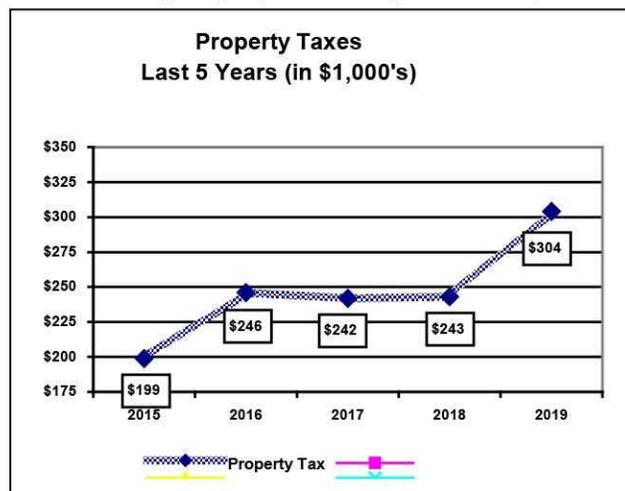
**GRAND ISLE PORT COMMISSION
REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUND**

	Business-type Activities	
	2019	2018
Revenues:		
Program revenues:		
Rentals and Charges for services	\$ 30	\$ 28
Operating grants and contributions	-	-
Capital grants and contributions	-	62
General revenues:		
Property taxes	304	243
Interest	1	1
Other	2	-
Total revenues	<u>337</u>	<u>334</u>
Expenses:		
Public works		
Operating expenses	246	339
Total expenses	<u>246</u>	<u>339</u>
Increase in net position	91	(5)
Net position - Beginning of year	4,608	4,613
Net position - End of year	<u>\$ 4,699</u>	<u>\$ 4,608</u>

Key elements of this decrease are as follows:

- Rentals and charges for services totaled \$30. This amount includes \$4 in rental income for property, \$24 for dock rental fees, and \$2 for oyster bed leases. The rental income includes \$4 for the land leases with the State Department of Wildlife and Fisheries and with Louisiana State University (LSU). The Wildlife lease is for 50 years. The upfront rental payment of \$150 has been recognized as unearned income and will be amortized (i.e., recognized) over the term of the lease. Thus, current year revenue was \$3 and the unearned income equals \$103 at year end. The LSU lease is also for 50 years. The upfront rental payment of \$35 has been recognized as unearned income and will be amortized (i.e., recognized) over the term of the lease. Thus, current year revenue on this lease is \$1 and unearned income equals \$28 at year end. The dock rental fees relate to the commercial dock opened on the old Estay property during 2013. Boat slips are rented to commercial enterprises. The total rent for 2019 was \$2, up slightly from last year. Finally, the Port now owns and leases a few oyster beds on the back side of the island. Lease income totaled \$2, up over last year.

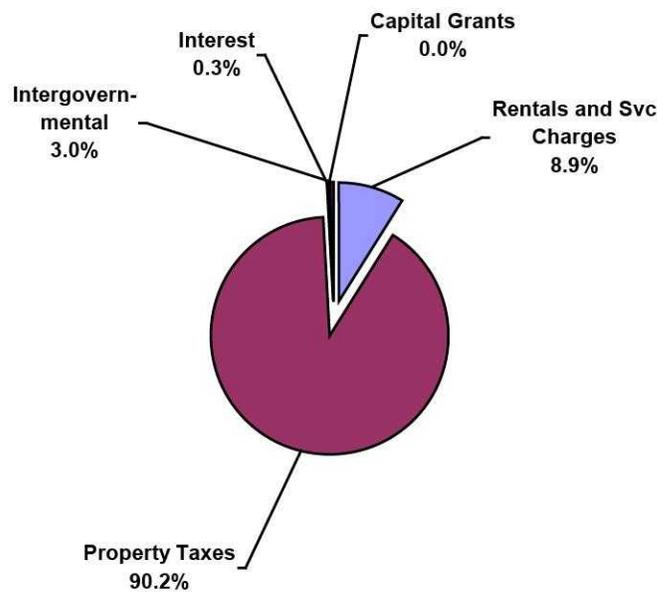
- Capital grants were totaled \$-0- in 2019, down \$(62) from last year. In 2018, the Port received \$62 from the FEMA Public Assistance program for engineering fees on the pier and bulkhead repair project being funded out of Hurricane Isaac claims (4080DRLA). The project is still in the planning phase.



- Ad valorem (property) taxes of \$304 were recognized in 2019 (see graph above). This is an increase of \$61 or 25.1 percent from the prior year due to increases in the taxable assessed values of property in the area (new properties and subdivisions were added by the Tax Assessor).
- Interest income was \$1, which is basically the same as last year. This low amount is being caused by low investable balances and interest rates.
- Other income totaled \$2, which is up \$2 over last year.
- Operating expenses decreased from \$339 to \$246 (a decrease of \$(93) or 27.4 percent). This net decrease of came from a) a decrease of \$(16) in hospitalization insurance (due to the termination of the Executive Director’s policy), 2) a decrease of \$(7) in general insurance (due to a drop in flood insurance premiums), 3) a drop of \$(7) in general legal and professional fees (due to fewer than normal general legal costs), 4) a decrease of \$(49) in legal – lawsuits (related to the Caminada Marker lawsuit nearing its end), 5) a drop of \$(11) in miscellaneous expenditures (due to the voiding of some old outstanding checks), 6) an increase of \$3 in repairs – land/buildings.

A breakdown of the revenues received by the Port’s business-type activities is as follows:

Revenues by Source - Business Activities



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Port’s investment in capital assets for its business-type activities as of June 30, 2019 amounts to \$4,279 (net of accumulated depreciation). This investment in capital assets includes land, buildings, furniture and fixtures, machinery, vehicles and equipment, and infrastructure. The Port’s investment in capital assets decreased by \$(60) or 1.4 percent this year, as additions of \$-0- were offset by depreciation of \$60.

**GRAND ISLE PORT COMMISSION
BREAKDOWN OF FIXED ASSETS
(NET OF DEPRECIATION - IN \$1,000'S)**

	Business-type Activities	
	2019	2018
Land and improvements	\$ 2,902	\$ 2,902
Construction in progress	83	83
Buildings	3	5
Furniture and fixtures	5	6
Vehicles and equipment	7	10
Infrastructure	1,279	1,333
Total	\$ 4,279	\$ 4,339

Major capital asset events during the current fiscal year included the following:

- There were no additions capitalized in 2019.
- \$60 was recognized as depreciation expense in the current year.

Additional information on the Port’s capital assets can be found in Note C.3 on page 19.

Long-term Debt. The Port does not report any long-term debt at June 30, 2019.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

- The unemployment rate for the Parish of Jefferson is currently 4.6 percent, which is 0.8 percent lower than it was a year ago. In the coastal community of Grand Isle, which is heavily dependent on offshore oil and commercial fisheries (primarily shrimping), the rate tends to be much higher.
- Inflationary trends in the region compare favorably to national indices.
- The ad valorem millage rate levied for the 2019 (next year’s) tax roll was 5.000 mills (the same as in 2018).

OTHER POTENTIALLY SIGNIFICANT MATTERS

- **Hurricane Isaac** hit the Grand Isle area in September 2012 causing tidal flood damage in the Grand Isle area. The Port's docks and bulkheads suffered damage. Repairs are underway and claims have been filed with the Federal Emergency Management Agency (FEMA). To date, claims of \$1,406 have been filed and \$83 of costs have been approved. FEMA reimburses at 75 percent; therefore, \$62 has been approved for reimbursement. In 2018, the Port received \$62 on these claims. There was no activity in 2019 as this project is entering the bid phase. The Port continues to make repairs under this project worksheet.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Port's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Board President, PO Box 500, Grand Isle, Louisiana 70358.

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BASIC FINANCIAL STATEMENTS

GRAND ISLE PORT COMMISSION

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS - ENTERPRISE FUND
 JUNE 30, 2019 AND 2018**

	BUSINESS-TYPE ACTIVITIES	
	JUNE 30, 2019	JUNE 30, 2018
ASSETS		
Current Assets		
Cash	\$ 524,460	\$ 376,870
Certificates of deposit and savings	22,554	22,263
Accounts receivable	2,030	-
Prepaid items	2,878	1,694
Restricted Assets		
Cash	-	3,654
Total Current Assets	<u>551,922</u>	<u>404,481</u>
Property and equipment, net	4,279,024	4,339,143
TOTAL ASSETS	<u>4,830,946</u>	<u>4,743,624</u>
LIABILITIES		
Current Liabilities		
Accounts payable	-	-
Payroll taxes payable	624	723
Unearned income	131,250	134,950
Total Current Liabilities	<u>131,874</u>	<u>135,673</u>
TOTAL LIABILITIES	<u>131,874</u>	<u>135,673</u>
NET POSITION		
Net investment in capital assets	4,279,024	4,339,143
Restricted for debt service - sinking fund	-	3,654
Unrestricted	420,048	265,154
TOTAL NET POSITION	<u>\$ 4,699,072</u>	<u>\$ 4,607,951</u>
CHECK TOTAL	<u>4,830,946</u>	<u>4,743,624</u>

The accompanying notes are an integral part of this statement.

GRAND ISLE PORT COMMISSION

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUND
FOR THE YEARS ENDED JUNE 30, 2019 and 2018**

	BUSINESS-TYPE ACTIVITIES	
	JUNE 30, 2019	JUNE 30, 2018
OPERATING REVENUES		
Property Rentals	\$ 3,700	\$ 3,700
Dockage Fees	23,799	24,075
Oyster Leases	2,600	200
Miscellaneous income	2,126	328
Total Operating Revenue	<u>32,225</u>	<u>28,303</u>
OPERATING EXPENSES		
Advertising	1,188	1,406
Auditing	5,290	5,200
Bank charges	241	222
Commercial Dock - operating costs	1,255	2,817
Depreciation	60,119	60,147
Dues, subscriptions, membership fees	2,300	1,900
Hospitalization insurance	-	16,041
Insurance	11,519	18,068
Legal and professional fees		
General	4,429	11,925
Caminada Marker lawsuit	10,170	58,698
Other	4,460	3,129
Miscellaneous	(10,327)	444
Navigation and safety	3,400	5,378
Office supplies	7,122	8,159
Oyster lease project	-	34
Physicals	-	155
Repairs & maintenance		
Auto	340	544
Boat	64	1,963
Commercial Dock - pilings	13,923	12,500
Security cameras and supplies	1,055	1,474
Land/Buildings	10,565	8,050
Site expense - Hwy 1	981	2,546
Salaries	91,978	92,617
Taxes - Payroll	7,311	6,505
Telephone	2,246	2,196
Travel and meals	4,239	4,678
Utilities (electricity, cable, internet, water)	11,218	11,663
Workers compensation insurance	1,232	400
Total Operating Expenses	<u>246,318</u>	<u>338,859</u>
Operating Income (Loss)	<u>(214,093)</u>	<u>(310,556)</u>
NON-OPERATING REVENUES (EXPENSES)		
Ad valorem taxes	304,214	243,122
Federal grant - FEMA	-	61,875
State capital outlay - access road/boat facilities/pier	-	-
Interest earned on bank accounts and investments	1,000	903
Total Non-Operating Revenue (Expense)	<u>305,214</u>	<u>305,900</u>
CHANGE IN NET POSITION	91,121	(4,656)
NET POSITION		
Beginning of Year	4,607,951	4,612,607
End of Year	<u>\$ 4,699,072</u>	<u>\$ 4,607,951</u>

The accompanying notes are an integral part of this statement.

GRAND ISLE PORT COMMISSION

**STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUND
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	BUSINESS-TYPE ACTIVITIES	
	JUNE 30, 2019	JUNE 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Dock Fees, oyster leases, and rentals	\$ 26,399	\$ 24,275
Payments to vendors	(87,337)	(162,806)
Payments to employees - salaries and benefits	(100,620)	(114,995)
Miscellaneous receipts	2,126	328
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(159,432)</u>	<u>(253,198)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Ad valorem taxes	302,659	243,122
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	<u>302,659</u>	<u>243,122</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments to vendors - Pier and Bulkhead Repairs - FEMA Project	-	(82,500)
Receipts from FEMA grant	-	61,875
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(20,625)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	(22,554)	(22,263)
Maturity of certificates of deposit	22,263	22,064
Interest received	1,000	903
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>709</u>	<u>704</u>
NET INCREASE (DECREASE) IN CASH	143,936	(29,997)
CASH AT BEGINNING OF YEAR	380,524	410,521
CASH AT END OF YEAR	<u>\$ 524,460</u>	<u>\$ 380,524</u>
RECONCILIATION TO BALANCE SHEET		
Unrestricted Cash	\$ 524,460	\$ 376,870
Restricted Cash	-	3,654
Total Cash Reported on Balance Sheet	<u>\$ 524,460</u>	<u>\$ 380,524</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (214,093)	\$ (310,556)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(475)	-
(Increase) decrease in prepaid items	(1,184)	188
Increase (decrease) in accounts payable	-	-
Increase (decrease) in payroll taxes payable	(99)	723
Increase (decrease) in deferred revenue	(3,700)	(3,700)
Depreciation	60,119	60,147
Net Adjustments	<u>54,661</u>	<u>57,358</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (159,432)</u>	<u>\$ (253,198)</u>

The accompanying notes are an integral part of this statement.

**GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Grand Isle Port Commission (the "Port") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Port's accounting policies are described below.

1. Reporting Entity

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and its component units. Component units are defined as legally separate organizations for which the elected officials of a primary government are financially accountable. The criteria used in determining whether financial accountability exists include the appointment of a voting majority of an organization's governing board, the ability of the primary government to impose its will on that organization or whether there is a potential for the organization to provide specific financial benefits or burdens to the primary government. Fiscal dependency may also play a part in determining financial accountability. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Port was created by Louisiana Revised Statute (LSA-RS 34:251). It includes all land in the within the Town of Grand Isle's boundaries and all of Ward 11 of Jefferson Parish. The governing board of commissioners administers the operations and responsibilities in accordance with the provisions of Louisiana statutes. The five members of the Board are appointed by the Governor of the State of Louisiana from a list of nominations submitted by the Town of Grand Isle Mayor and Board of Aldermen. The Port has all the powers and privileges granted under the constitution and statutes of the State of Louisiana which include, but are not limited to, the authority to incur debt, to issue bonds, to construct and maintain wharves and landings, and to charge fees for the use of the wharves and other facilities administered by it. Those charges are based on tariffs approved by the U.S. Maritime Commission.

Based on the criteria described above, it has been determined that the Grand Isle Port Commission is not a component unit of the State of Louisiana for financial reporting purposes; rather it is a "stand-alone" government. Likewise, the Division of Administration for the State of Louisiana treats the Port as a primary government. The accompanying statements present only transactions of the Port.

2. Description of Activities

The Port operates an administrative office within the city limits of the Town of Grand Isle and manages a commercial dock and oyster leases on the north side of the island. Services provided by the Port include general administrative activities, primarily economic development and public works.

GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Port. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Since the Port engages only in *business-type activities*, only the financial statements of the Port's proprietary funds is presented.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The Port uses *Enterprise Funds* to account for its operations. The principal operating revenues will be charges to customers for dock fees and rentals. Operating expenses of the enterprise funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

4. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In accordance with GASB Codification Section P80, Proprietary Fund Accounting and Financial Reporting, the proprietary fund type is accounted for on the *economic resources management focus* and the *accrual basis of accounting*. With this measurement focus, all assets and liabilities associated with the operation of this fund type are included on the balance sheet. Proprietary fund type operating statements represent increases (i.e., revenues) and decreases (i.e., expenses) in net total position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of the timing of related cash flows.

The Port may also report deferred revenue on its statement of Net Position. Deferred revenues arise when a potential revenue does not meet both the "measurable and available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability of deferred revenue is removed from the Statement of Net Position and revenue is recognized.

GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Assets, Liabilities, and Net Position or Equity

A. Cash and Investments

For reporting purposes, cash includes amounts in demand deposits and time deposits. Certificates of deposit are shown separately. Louisiana Revised Statutes allow the Port to invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Investments, if any, are stated at cost or amortized cost. State statutes authorize the Port to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

For purposes of the statement of cash flows, the Port considers investments with a maturity date of less than 90 days to be a cash equivalent. Investments with less than 90 days to maturity at the balance sheet date are also considered cash equivalents.

B. Inventories

The cost of materials and supplies acquired by the Port are recorded as expenses at the time of purchase. It is management's opinion that the inventory of such materials and supplies at June 30, 2019 and 2018 are not material to the financial statements.

C. Restricted Assets

Special accounts set up in accordance with the Certificates of Indebtedness bond indenture are classified as restricted assets on the balance sheet. These accounts include a "debt service - sinking fund". This fund was closed during 2019.

D. Capital Assets

Capital assets are capitalized in the funds used to acquire or construct them. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation of buildings, equipment and vehicles is computed using the straight-line method. Depreciation expense applicable to those fixed assets acquired through capital donations is closed out to the related contributed capital accounts rather than retained earnings. It is considered preferable under the matching concept, as receipts of these fixed assets have been recorded as additions to contributed capital.

**GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The useful lives used for computing depreciation are as follows:

<u>Asset Type</u>	<u>Life in Years</u>
Buildings & Improvements	20 - 50
Furniture & Equipment	3 - 10
Vehicles & Equipment	5 - 10
Boats & Equipment	5 - 10

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

While not specifically required by state statutes, the Port does adopt a budget for its Enterprise Fund for managerial purposes. Since the budget is adopted on a “cash” basis of accounting and is used for management purposes only, it is not presented.

NOTE C - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

1. Deposits with Financial Institutions and Investments

Deposits with Financial Institutions

At June 30, 2019, deposits with financial institutions consisted of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other</u>	<u>Total</u>
Book Value of Deposits in Banks	\$ 524,460	\$ 22,554	\$ -	\$ 547,014
Bank Balances of Deposits Exposed to Custodial Credit Risk:				
A. Uninsured and uncollateralized	\$ -	\$ -	\$ -	\$ -
B. Uninsured and collateralized with securities held by pledging institution	-	-	-	-
C. Uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Port's name	-	-	-	-
Total Bank Balances Exposed to Custodial Credit Risk	\$ -	\$ -	\$ -	\$ -
Total Bank Balances - All Deposits	\$ 531,021	\$ 22,554	\$ -	\$ 553,575

The book balances at June 30, 2018 consisted of \$380,524 of cash and \$22,263 of certificates of deposit and savings accounts.

GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE C - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

2. Restricted Assets

The balances of the Port's restricted asset accounts were \$-0- and \$3,654 at June 30, 2019 and 2018, respectively. These amounts were on deposit in the Certificates of Indebtedness Sinking Fund and are included in the categorization of deposits in Note C.1. This account was closed in 2019.

3. Capital Assets

Property, Plant and Equipment

The following is a summary of changes in capital assets related to business-type activities during the fiscal year:

	Balance July 1, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Business-type Activities:					
Capital Assets, not being depreciated					
Land and improvements	\$ 2,901,691	\$ -	\$ -	\$ -	\$ 2,901,691
Construction in progress	82,500	-	-	-	82,500
Total capital assets, not being depreciated	<u>\$ 2,984,191</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 2,984,191</u>
Capital Assets, being depreciated					
Buildings	54,115	-	-	-	54,115
Furniture and fixtures	27,963	-	-	-	27,963
Vehicles and equipment	191,886	-	-	-	191,886
Infrastructure	1,615,425	-	-	-	1,615,425
Total Capital Assets, being depreciated	<u>1,889,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,889,389</u>
Less accumulated depreciation for:					
Buildings	(48,542)	(2,225)	-	-	(50,767)
Furniture and fixtures	(21,561)	(800)	-	-	(22,361)
Vehicles and equipment	(181,796)	(3,364)	-	-	(185,160)
Infrastructure	(282,538)	(53,730)	-	-	(336,268)
Total accumulated depreciation	<u>(534,437)</u>	<u>(60,119)</u>	<u>-</u>	<u>-</u>	<u>(594,556)</u>
Capital asset being depreciated, net					
Buildings	5,573	(2,225)	-	-	3,348
Furniture and fixtures	6,402	(800)	-	-	5,602
Vehicles and equipment	10,090	(3,364)	-	-	6,726
Infrastructure	1,332,887	(53,730)	-	-	1,279,157
Total Capital asset being depreciated, net	<u>1,354,952</u>	<u>(60,119)</u>	<u>-</u>	<u>-</u>	<u>1,294,833</u>
Total Business-type Activities, capital assets, net	<u>\$ 4,339,143</u>	<u>\$ (60,119)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,279,024</u>

GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE C - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

The balance of construction in progress is made up of a pier and bulkhead repair project, which is being funded by FEMA (PW 1097-4080DRLA- Isaac). During 2018, the Port spent \$82,500 on engineering costs, bringing the project to date total to \$82,500. FEMA reimbursed 75 percent of the cost - \$61,875. This amount was recognized as an "other financing source" for 2018. The \$82,500 in costs were capitalized into construction in progress at June 30, 2018. The project is now entering the bid phase.

4. Receivables

Accounts receivable at June 30, 2019 totaled \$2,030 and are made up of \$1,555 due from the Jefferson Parish Sheriff for ad valorem taxes and \$475 for an overpayment made to a vendor. There were no receivables at June 30, 2018.

5. Leases to State

On December 1, 2003, the Port leased a portion of land to the Louisiana Department of Wildlife and Fisheries for a period of 50 years. The Port retains title to the land at lease-end and all leasehold improvements erected by the State will be removed at the term of the lease or will revert to the Port. The Port received an up-front rental fee of \$150,000 for the lease. This revenue will be deferred and recognized over the life of the lease on the straight-line method. Thus, rental revenue of \$3,000 is shown along with an unearned income of \$103,250.

On August 21, 2010, the Port leased a portion of land to the Louisiana State University and Agricultural and Mechanical College for a period of 50 years, retroactively effect to July 1, 2010. The Port retains title to the land at lease-end and all leasehold improvements erected by the State will be removed at the term of the lease or will revert to the Port. The Port received an up-front rental fee of \$35,000 on August 21, 2010 for the lease. This revenue will be deferred and recognized over the life of the lease on the straight-line method. Thus, rental revenue of \$700 is shown along with an unearned income of \$28,000.

5. Ad Valorem Tax

Louisiana Revised Statutes (LRS 34:254(A)) provides the Port with the authority to levy annually, an ad valorem tax not to exceed ten (10) mills. On November 5, 1996, the Port received approval by a vote of the citizens to levy a ten year 5 mill tax for acquiring, constructing, improving, maintaining or operating structures, facilities, and services (including economic development). This millage was renewed in the spring of 2016.

The Port levies an ad valorem (property) tax on real property within the Port to finance operations. The levy is generally made as of November 15 of each year. The tax is then due, and becomes an enforceable lien on the property, on the first day of the month following the filing of the tax roll by the Parish assessor with the Louisiana Tax Commission (usually December 1). The tax is delinquent 30 days after its due date.

GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE C - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

Ad valorem taxes are levied based on property values determined by the Jefferson Parish Assessor's Office (a separate entity). All land and residential improvements are assessed at 10 percent of its fair market value, and other property at 15 percent of its fair market value. Taxes are billed and collected by the Jefferson Parish Sheriff's Office (a separate entity) which receives a certain millage for its services. The taxes remitted by the Sheriff to the Port are net of assessor's commission and pension fund contributions.

The numbers of mills levied for operations on the 2018 and 2017 tax rolls were 5.00 and 5.00, respectively. The amount of revenues generated by the taxes in fiscal years ended June 30, 2019 and 2018 was \$304,214 and \$243,122, respectively.

NOTE D - COMMITMENTS AND CONTINGENCIES

1. Risk Management and Litigation

The Port is exposed to various risks of loss resulting from personal injury; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To protect against these risks of loss, the Port purchases various types of insurance from commercial carriers. Under these policies, general liability coverage is provided for up to a maximum of \$500,000 per occurrence, with a \$10,000 deductible.

The Port's management and its attorneys have reviewed any claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the Port in excess of insurance coverages and to arrive at an estimate, if any, of the amount or range of potential loss to the Port in accordance with Governmental Accounting Standards Board Codification Section C50 – Claims and Judgments. Under these standards, loss contingencies on the various claims and lawsuits are categorized into “probable”, “reasonably possible”, and “remote”.

As a result of the review by the attorneys, there is one claim that is classified as “reasonably possible” with a potential range of liability of between \$-0- and \$1,000,000. The ultimate value of the claim is subject to insurance coverage, the percent of fault assigned to the Port, if any, and the culpability of a third party in the accident. The case involving the Port is currently on hold pending another suit arising from the same accident involving a third party. The Port's lawsuit is expected to be heard and settled sometime in the 2020 fiscal year.

2. Federal Assistance - Hurricane Isaac

On August 29, 2012, Hurricane Isaac struck the Town of Grand Isle (i.e., the area serviced by the Port). The Isle and the surrounding area were overrun by the storm surge from the Hurricane. While most of the structures in the Town survived, the Hurricane levee and the main road through the Town (Hwy 1) were washed over. As such, the Town was evacuated for several weeks while debris removal and restoration projects took place. Most of the Port's major assets survived the Hurricane; however, some of the infrastructure assets (docks) were damaged.

GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE D - COMMITMENTS AND CONTINGENCIES (CONTINUED)

After the hurricane, the Port incurred expenses for emergency repairs, most of which was claimed with the Federal Emergency Management Agency (FEMA). Claims totaling \$1,460,018 have been filed with FEMA for pier and bulkhead repairs. To date, \$82,500 has been spent on this project. Through June 30, 2019, \$82,500 has been approved and \$61,875 (75 percent) has been received. As such, \$61,875 was recognized as revenue in previous years. There was no activity in 2019 as this project is just now entering the bid phase. The Port continues to incur costs associated with this project and should be making claims to FEMA as the project continues. Some of this may or may not be eligible for reimbursement.

SUPPLEMENTAL INFORMATION

**GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Years Ended June 30, 2019 and 2018**

Board Member	Position	Amount June 30, 2019	Amount June 30, 2018
Bob Sevin	President	\$ -	\$ -
Terrill Pizani	Vice-President	-	-
Juanita Cheramie	Secretary/Treasurer	-	-
Perry Chighizola	Commissioner	-	-
Ambrose Besson	Commissioner	-	-
		<u>\$ -</u>	<u>\$ -</u>

The Commissioners do not receive any per diem for serving on the Port Commission.

**GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
SCHEDULE OF COMPENSATION AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2019**

AGENCY HEAD - NAME/TITLE: Wayne Keller, Director

<u>Compensation/Benefit/Payment</u>	<u>Amount</u>
Salary	\$ 50,689
Benefits - Payroll Taxes	3,879
Benefits - Health Insurance	16,040
Benefits - Other	-
Vehicle Provided by Agency	No
Per Diem	-
Reimbursements	-
Travel (meal per diems)	-
Travel (fuel, tolls, meals, etc.)	415
Registration Fees	400
Conference Travel (air, lodging, conference expenses)	502
Continuing Professional Education Fees	-
Housing	
Unvouchered Expenses	
Special Meals	

**GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
SCHEDULE OF STATE FUNDING
For the Year Ended June 30, 2019**

<u>Description of Funding</u>	<u>Amount</u>
Louisiana Dept of Wildlife and Fisheries - Lease of Land	\$ 3,000 ⁽¹⁾
LSU Agriculture and Mechanical College - Lease of Land	700 ⁽¹⁾
	<u>\$ 3,700</u>

(1) - Note that these amounts represent the amortized value of lease revenue recognized during the year. The revenues are included in Dockage fees or rentals on the Statement of Revenues, Expenses, and Changes in Net Position.

COMPLIANCE SECTION

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

Board of Commissioners
Grand Isle Port Commission
Grand Isle, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Grand Isle Port Commission (the "Port"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements and have issued my report thereon dated December 11, 2019.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Port's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, I do not express an opinion on the effectiveness of the Port'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 Port's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that I consider to be significant deficiencies (see SD 19-01 and SD 19-02).

Compliance and Other Matters

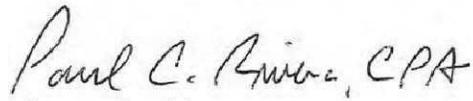
As part of obtaining reasonable assurance about whether the Port's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Port's Responses to Finding(s)

The Port's responses to the findings identified in my audit are described in the accompanying Schedule of Findings and Responses. The Port's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no such opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port'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 Port's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Marrero, Louisiana
December 11, 2019

GRAND ISLE PORT COMMISSION
State of Louisiana

SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2019

I have audited the financial statements of the Grand Isle Port Commission (the "Port") as of and for the year ended June 30, 2019, and have issued my report thereon dated December 11, 2019. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2019 resulted in an unqualified opinion.

SECTION I - SUMMARY OF AUDITOR'S RESULTS

- A. The auditor's report expresses an unqualified opinion on the financial statements of the Port.
- B. Some significant deficiencies in internal control over financial reporting are reported in the *Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. They are outlined below.
- C. No instances of noncompliance material to the financial statements of the Port, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- D. The audit was not subject to a Single Audit under OMB Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 200).
- E. A management letter was not issued for the year ended June 30, 2019.

SECTION II - FINANCIAL STATEMENT FINDINGS

INTERNAL CONTROLS:

Significant Deficiencies:

SD Comment # 19-01 - Inadequate Segregation of Duties

Condition and Criteria - I noted that the size of the Port's operations is too small to provide for an adequate segregation of duties. The Port's bookkeeper/secretary is charged with most of the responsibilities relating to the cash receipts, cash disbursement, and financial reporting cycles. The Port does, however, have various controls in place which tend to mitigate this problem, including (1) having a Commissioner review and initial all bank reconciliations, (2) requiring dual signatures on all checks, and (3) requiring the presentation of actual versus budget reports on a monthly basis, and (4) the use and reconciliation of pre-numbered receipts and checks.

Cause - Statement of Auditing Standards (SAS) 115 requires that I report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that may be partially mitigated or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation - Employing additional controls may not be cost beneficial, however, the Board should remain cognizant of the lack of segregation of duties.

GRAND ISLE PORT COMMISSION
State of Louisiana

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Fiscal Year Ended June 30, 2019

Management's Response - We are aware of the condition, however, at this point we are not in the financial position of addressing the problem. The Board is aware of the condition and will continue to monitor the financial activity of the Port in a timely manner.

SD Comment # 19-02 - Preparation of Financial Statements by Auditor

Condition and Criteria - The Port does not have controls in place for proper oversight of its financial reporting and for the preparation of financial statements in accordance with generally accepted accounting principle. As is common in small organizations, the Port has chosen to engage the auditor to prepare its annual financial statements. This condition is intentional by management, along with the cost effectiveness of acquiring the ability to prepare the financial statements in accordance with generally accepted accounting principles.

Cause - Statement of Auditing Standards (SAS) 115 requires that I report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation - As mentioned, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies noted under SAS 115. In this case, I do not believe that curing the significant deficiency described in this finding would be cost effective or practical and accordingly, I do not believe any corrective action is necessary.

Management's Response - The Port's staff is familiar with the day-to-day accounting requirements; however, due to limited staffing and funding, we do not consider it practical to provide sufficient training to our staff in order to eliminate this condition and can only continue to rely on the auditor to prepare the financial statements at this time.

COMPLIANCE:

No instances of noncompliance were noted.

**SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR
FEDERAL AWARD**

Not applicable

GRAND ISLE PORT COMMISSION
State of Louisiana

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Fiscal Year Ended June 30, 2019

SECTION IV - STATUS OF PRIOR YEAR FINDINGS

The status of findings and questioned costs noted in prior years is noted below:

FINANCIAL STATEMENT FINDINGS

Prior Year Comment No.	Description	Status
# SD 18-01	Inadequate segregation of duties	See CY Comment # SD 19-01
# SD 18-02	Preparation of financial statements by auditor	See CY Comment # SD 19-02
# SD 18-03	Maintaining proper fixed asset records	Resolved.

FEDERAL AWARDS - FINDINGS AND QUESTIONED COSTS

Not applicable

(END OF REPORT)

**AGREED-UPON PROCEDURES REPORT
GRAND ISLE PORT COMMISSION, LOUISIANA**

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

For the Period from July 1, 2018 to June 30, 2019

To the President and Commissioners
of the Grand Isle Port Commission and to
the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the Grand Isle Port Commission, Louisiana (the "Port") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Port's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and observe whether those written policies and procedures 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
 - 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.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

RESULTS: Exceptions Noted - The Port has no formal written policies and procedures when it comes to these various financial/business functions. They have traditionally utilized the already written state statutes as guidance in several areas (e.g., the Louisiana Local Government Budget Act, the Louisiana Public Bid Laws, the State Travel Guidelines, State Ethics Code, etc.) and have copies on hand of each.

Board (or Finance Committee, if applicable)

- 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.

RESULTS: No exceptions noted in performing this procedure.

- 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 and major Special Revenue Funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Alternatively, for those entities reporting on the non-profit 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.

RESULTS: No exceptions noted in performing this procedure.

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

RESULTS: Not Applicable.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account.

RESULTS: No exceptions noted in performing this procedure - I obtained a list of bank accounts from the Port and management's representation that the list was complete. Per the listing, the Port maintained 4 bank accounts during the fiscal year, all of which received public funds.

Select the 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 statements 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, 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.

RESULTS: Based on the number of accounts maintained by the Port, I selected all 4 of the public accounts for testing (Checking - general, Checking - dock, Debt Service, and Checking - grants). For those accounts, bank reconciliations were obtained for the month of June 2019, without exception. The bank reconciliations were prepared by the Bookkeeper within 30 days of the closing date. Initials of the Bookkeeper are evident on the bank reconciliations. An Exception was noted in that there is no evidence of anyone reviewing the bank reconciliations. The only initials on them were the bookkeepers (i.e., the preparer). The Bookkeeper does review the bank reconciliations for old outstanding items. She includes notes on the bank reconciliation on what the disposition of the researched item should be (e.g., needs to be voided and reissued, etc.). For those accounts selected, I did not note any item outstanding more than 12 months that were not addressed.

Collections

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

RESULTS: No exceptions noted in performing this procedure.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete.

RESULTS: No exceptions noted in performing this procedure.

Randomly select one collection location for each deposit site, 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 the job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share 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 collections 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 verifies the reconciliation.

RESULTS: No exceptions noted in performing this procedure.

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

RESULTS: Exception Noted - the Port does not currently carry an insurance policy/surety bond on employees who handle cash/checks.

7. Randomly select two deposit dates for each of the bank accounts selected in procedure 3 under Bank Reconciliations above. Obtain supporting documentation for each of the deposits selected 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 \$10).
 - e) Trace the actual deposit per the bank statement to the general ledger.

RESULTS: No exceptions noted - I vouched 5 deposits (2 for each site that had deposits) to their supporting documentation, including the deposit slip. I also traced the deposit to the bank statement and observed that the deposits were made within 1 week of collection. I was also able to trace the deposits to the posting in the general ledger without exception. It should be noted that the closest bank branch to the Port is approximately 40 miles away in South Lafourche.

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

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

RESULTS: No exceptions noted in performing this procedure. The Port has one collection location – its main office at 2757 Highway 1, Grand Isle.

9. For each location selected in Step 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 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.

RESULTS: Exceptions Noted – There were no written polices or procedures for processing payments; therefore, I inquired of the employees involved in processing payments at the Port office. I observed the following: a) there is no evidence that at least two people are involved in initiating purchases (Exception). The Port does not utilize requisitions or purchase orders and there is no evidence on the invoices of who initiated the purchase, b) at least two employees are involved in the process of approving payments to vendors – the Port's clerks receive invoices and send them to the bookkeeper to set up for processing/payment. The bookkeeper reviews and writes the checks. The checks are then submitted to the President and the Commissioners for review and signing of the checks, c) the bookkeeping is done on a manual basis; therefore, there is no "vendor master file" to have access to, and d) signed checks are mailed to vendors by the bookkeeper, who is a part of the payables process (Exception).

10. For each location selected in Step 8 above, obtain the entity's non-payroll disbursement transaction population (excluding credit cards and travel reimbursements) and obtain management's representation that the population is complete.

RESULTS: No exceptions noted in performing this procedure.

Randomly select 5 disbursements for each location, obtain documentation for each transaction, and:

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

RESULTS: I randomly selected 5 transactions for testing and observed that all of the transactions were supported by a matching invoice or statement. I also observed without exception that the disbursement included evidence of segregation of duties tested under Step 9 (i.e., review and approval of purchases and payments); however, none of the invoices had evidence of who initiated the purchase prior to it being made. As noted previously, the Port does not utilize requisitions or purchase orders and the invoices had no initials or other evidence on them (Exception noted).

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

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

RESULTS: No exceptions noted in performing this procedure.

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

RESULTS: No exceptions noted in performing this procedure.

- b) Observe that finance charges and/or late fees were not assessed on the selected statements.

RESULTS: No exceptions noted in performing this procedure.

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

RESULTS: Of the credit cards tested, I examined supporting documents for 2 transactions totaling \$91.71 on the 12/4/18 statement. Of these transactions, 1 of the transactions had an original itemized receipt, had the business purpose noted, and any other documentation that might be required. 1 transaction for \$10.90 charged to office supplies did not have a receipt attached (Exception noted).

Travel and Expense Reimbursement

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.

RESULTS: No exceptions noted in performing this procedure.

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, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement was 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 (see Step 1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

RESULTS: No exceptions noted in performing this procedure.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete.

RESULTS: No exceptions noted in performing this procedure.

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 bides, advertised), if required by law.

RESULTS: No exceptions noted in performing this procedure - None of the 2 contracts selected required bids under the Louisiana Public Bid 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).

RESULTS: No exceptions noted in performing this procedure - Both of the 2 contracts were approved by the Port Board of Commissioners.

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.

RESULTS: No exceptions noted in performing this procedure.

- 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 condition of the contract.

RESULTS: No exceptions noted in performing this procedure.

Payroll and Personnel

16. Obtain a listing of employees and elected officials employed during the fiscal period and management's representation that the listing is complete.

RESULTS: No exceptions noted in performing this procedure.

Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

RESULTS: No exceptions noted in performing this procedure.

17. Randomly select on pay period during the fiscal period. For the 5 employees/officials selected under Step 16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

RESULTS: No exceptions noted in performing this procedure - For the 5 selected, I picked the January 10, 2019 pay period for testing. For that payroll, I vouched their attendance and leave to their time sheets, without exception.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

RESULTS: Exception Noted – There is no written evidence that the timesheets are reviewed or approved by a supervisor prior to payment. Two of the employees, including the Executive Director, are salaried and earn a fixed amount; however, their timesheets still should include some form of written approval.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

RESULTS: No exceptions noted - The Port Bookkeeper maintains a listing of vacation leave earned, used and balances available for each employee. If any leave was charged, it is posted to the leave records. For the 5 employees selected, none had taken any leave on the pay date selected for testing.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete.

RESULTS: No exceptions noted in performing this procedure - I obtained a listing of all employees who were terminated during the fiscal period and management's representation that the list is complete.

Randomly select 2 employees/officials, obtain related documents of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/official's cumulative leave records, and agree the pay rates to the employee/official's authorized pay rates in the employee/officials personal file.

RESULTS: No exceptions noted in performing this procedure - The two employees who terminated their employment during the fiscal year did not accrue leave; therefore, there were no termination payments to test.

19. Obtain management's representation that the employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers compensation premiums have been paid, and associated forms have been filed, by required deadlines.

RESULTS: No exceptions noted in performing this procedure.

Ethics (excluding nonprofits)

20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics compliance documentation from management, and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

RESULTS: No exceptions noted in performing this procedure - I obtained the ethics training certificates on 4 of the 5 employees selected. The one employee who did not complete the training in the current fiscal year was new and had not yet completed the testing.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

RESULTS: No exceptions noted in performing this procedure.

Debt Service (excluding nonprofits)

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

RESULTS: Not Applicable – no new issues in the current fiscal year.

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.

RESULTS: Not Applicable – no outstanding bond issues at year end.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete.

RESULTS: No exceptions noted in performing this procedure.

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.

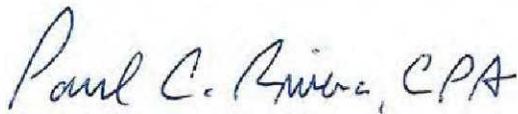
RESULTS: Not Applicable – No misappropriations identified by management.

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.

RESULTS: Not Applicable – No misappropriations identified by management.

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

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



Paul C. Rivera, CPA
Marrero, Louisiana
December 11, 2019



Grand Isle Port Commission

Bobby Jindal - Governor
Commissioners: Bob Sevin-President, Terrill Pizani-Vice President,
Ambrose Besson-Secretary/Treasurer, Perry Chighizola, and
Juanita B. Cheramie
Wayne Keller-Executive Director

December 11, 2019

Paul C. Rivera, CPA and the
Louisiana Legislative Auditor

We appreciate this opportunity to provide explanations for any exceptions noted during the application of the Louisiana Legislative Auditor's Agreed-Upon Procedures (AUPs) for the period July 1, 2018 to June 30, 2019. As a small public entity, we do the best we can with the limited staff that we have. We are committed to providing the best services to the citizens of our Port District and spending the public money provided to us in the most efficient manner possible.

In regards to the exceptions noted during the AUPs, we offer the following:

AUP 1 - No written policies and procedures for various financial and business functions.

RESPONSE: Due to the small size of the financial staff of the Port District (basically 2 employees), we have never been able to achieve a proper segregation of duties in the various financial functions, such as purchasing, disbursements, receipts, payroll/personnel, contracting, credit cards, etc. Typically, formal policies and procedures are set in writing to document the flow of transactions and the internal controls and segregation of duties that are established. Since we are unable to do so, we have never felt that the cost/benefit of incurring the time and cost in documenting all of our policies and procedures warranted such an endeavor. Our administrative staff is well-established and has years of experience on the job. They are well versed in what needs to be done and what our policies and procedures are, even if they are not in writing. Also, in regards to disaster recovery and business continuity, we do make backups of our financial database and keep them offsite. This is another instance of us having policies and procedures in place, just not formally in writing.

AUP 3b - The bank reconciliations were prepared by the Port's bookkeeper; however, there is no evidence that they were reviewed by the Executive Director or by any of the Commissioners.

RESPONSE: The balances are reported to the Executive Director and included in the monthly financial report but there is no process in place for him to initial the bank reconciliations. We will look to change our policies to include such a step.

AUP 6 - The Port does not currently carry any form of fidelity bond on employees who handle cash deposits.

RESPONSE: The Port really does not receive very many revenues in the form of cash or checks. Most of what we receive comes from the Sheriff and/or granting agencies via ACH transactions. When we started renting dock slips, we began to receive some checks related to these. The slips are rented annually. We will look into purchasing a fidelity bond next year to cover these deposits, if our budget can support it.

AUP 9a – Because there are no requisitions or other like forms in use, there is no evidence that at least two employees are involved in initiating a purchase request. Of the 5 transactions tested, none had evidence of who initiated the purchase prior to it being made.

RESPONSE: As a small entity, there are almost no transactions that take place that the Executive Director, the Secretary, the Bookkeeper, or the Board of Commissioners are unaware of. That being said, we will review our procedures to determine if some form of a requisition form should or could be used without creating extra paperwork for little or no benefit.

AUP 9d – The employee who is responsible for writing the checks (the bookkeeper) is also responsible for mailing the checks once they are signed by the check signers.

RESPONSE: As a small entity, there are almost no transactions that take place that the Executive Director, the Secretary, the Bookkeeper, or the Board of Commissioners are unaware of. That being said, we will review our procedures to determine if someone else other than the bookkeeper can be assigned the task of mailing the signed checks.

AUP 10 – Because there are no requisitions or other like forms in use, there is no evidence that at least two employees are involved in initiating a purchase request. Of the 5 transactions tested, none had evidence of who initiated the purchase prior to it being made.

RESPONSE: As a small entity, there are almost no transactions that take place that the Executive Director, the Secretary, the Bookkeeper, or the Board of Commissioners are unaware of. That being said, we will review our procedures to determine if some form of a requisition form should or could be used without creating extra paperwork for little or no benefit.

AUP 13 – Of the credit cards tested, I examined supporting documents for 2 transactions totaling \$91.71 on the 12/4/18 statement. Of these transactions, 1 of the transactions had an original itemized receipt, had the business purpose noted, and any other documentation that might be required. 1 transaction for \$10.909 charged to office supplies did not have a receipt attached.

RESPONSE: We strive to have receipts attached for every purchase. This one purchase was an automatic renewal for our MS Office subscription. We will attempt to make sure all invoices and/or receipts are attached in the future.

AUP 17b - There is no written evidence that the timesheets are reviewed or approved by a supervisor prior to payment. Two of the employees, including the Executive Director, are salaried and earn a fixed amount; however, their timesheets still should include some form of written approval.

RESPONSE: The hours are turned in to the bookkeeper who updates the timesheets (excel spreadsheets) to document the amounts paid. We will look to having these timesheets initialed by the Executive Director and/or the Board President or one of the Commissioners prior to issuing a check.

We hope that our answers address any concerns raised from the exceptions noted. We will work towards improving our processes and procedures to minimize or reduce any such exceptions in the future.

Sincerely,

A handwritten signature in cursive script, appearing to read "W. J. Kelly".

Executive Director
Grand Isle Port Commission