

**WEST ST. MARY PARISH PORT, HARBOR
AND TERMINAL DISTRICT**

Franklin, Louisiana

Financial Report

Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
West St. Mary Parish Port, Harbor and Terminal District
Franklin, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the West St. Mary Parish Port, Harbor and Terminal District (hereinafter "District"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Other Matters

Required Supplementary Information

The District has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2020 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
June 2, 2020

BASIC FINANCIAL STATEMENTS

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Statement of Net Position
December 31, 2019

ASSETS

Current assets:

Cash and equivalents	\$ 5,086,516
Investments	7,418
Receivables:	
Ad valorem taxes	580,580
Due from State of Louisiana	170,027
State revenue sharing	17,526
Leases	13,231
Water system customers	1,561
Prepaid expenses	27,150
Total current assets	<u>5,904,009</u>

Capital assets:

Land and construction in progress	7,394,665
Depreciable assets, net of accumulated depreciation	<u>5,814,316</u>
Net capital assets	<u>13,208,981</u>
Total assets	<u>19,112,990</u>

LIABILITIES AND NET POSITION

Current liabilities:

Accounts payable	30,128
Accrued expenses	39,930
Unearned revenues	<u>666</u>
Total current liabilities	<u>70,724</u>

Net position:

Net investment in capital assets	13,208,981
Unrestricted	<u>5,833,285</u>
Total net position	<u>\$ 19,042,266</u>

The accompanying notes are an integral part of the financial statements.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Statement of Revenues, Expenses, and Changes in Net Position
Year Ended December 31, 2019

Operating revenues:	
Rentals	\$ 451,495
Water system revenues	20,887
Total operating revenues	<u>472,382</u>
Operating expenses:	
Advertising and promotion	7,715
Auto expense	14,953
Contract labor	16,400
Depreciation	408,667
Dues and subscriptions	5,969
Employee retirement	15,814
Insurance	141,229
Miscellaneous	6,304
Office supplies and postage	15,173
Professional fees	34,869
Repairs and maintenance	
Office	2,617
Port site	82,211
Water treatment and distribution system	79,123
Salaries	147,268
Payroll taxes	10,764
Telephone	9,243
Travel	11,869
Utilities and internet	13,321
Total operating expenses	<u>1,023,509</u>
Operating loss	<u>(551,127)</u>
Non-operating revenues / (expenses)	
Intergovernmental	
Ad valorem taxes	693,096
Deductions from ad valorem taxes	(22,672)
State grants	797,712
State revenue sharing	26,537
Interest income	72,784
Net non-operating revenues/(expenses)	<u>1,567,457</u>
Change in net position	1,016,330
Net position, beginning	<u>18,025,936</u>
Net position, ending	<u>\$ 19,042,266</u>

The accompanying notes are an integral part of the financial statements.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Statement of Cash Flows
Year Ended December 31, 2019

Cash Flows from Operating Activities	
Receipts from customers and users	\$ 495,849
Payments to suppliers	(425,254)
Payments to employees and related benefits	<u>(211,697)</u>
Net cash provided by operating activities	<u>(141,102)</u>
Cash Flows from Noncapital Financing Activities	
Ad valorem taxes	750,946
State revenue sharing	35,924
State grant	<u>839,406</u>
Net cash provided by noncapital financing activities	<u>1,626,276</u>
Cash Flows from Capital and Related Financing Activities	
Purchases/Construction of capital assets	<u>(1,042,096)</u>
Cash Flows from Investing Activities	
Interest received on investments and interest-bearing deposits	<u>72,616</u>
Net increase in cash and cash equivalents	515,694
Cash and cash equivalents, beginning	<u>4,570,822</u>
Cash and cash equivalents, ending	<u>\$ 5,086,516</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating loss	\$ (551,127)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation expense	408,667
Changes in assets and liabilities:	
Accounts receivable	23,467
Prepaid expenses	(2,697)
Accounts payable	(26,248)
Accrued expenses	<u>6,836</u>
Net cash provided by operating activities	<u>\$ (141,102)</u>

The accompanying notes are an integral part of the financial statements.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Notes to Financial Statements

INTRODUCTION

The District was established in 1974 by Act of the Louisiana legislature to develop and operate a port and related facilities serving the western portion of St. Mary Parish. It is the intent of the District to develop a port/harbor facility and industrial area and that a substantial portion of the costs of operations of these facilities be ultimately borne by revenue derived from user charges.

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the District 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.

A. Financial Reporting Entity

Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended, established criteria for determining the governmental reporting entity and which component units should be considered part of the reporting entity for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

- Appointing a voting majority of an organization's governing body, and the ability of the primary government to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.
- Organizations for which the primary government does not appoint a voting majority but are fiscally dependent on the primary government.
- Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the District has determined that it has no component units.

In accordance with GASB Statement No. 14, the St. Mary Parish Council, City of Franklin, and Town of Baldwin are considered to be related organizations to the District as they appoint members to the board of the District. Financial accountability does not exist between the previously stated entities and the District because they do not impose their will or have a financial benefit or burden relationship with the District.

These financial statements include only the funds of the District, the reporting entity.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Notes to Financial Statements (continued)

B. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, as amended.

Fund Financial Statements

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The proprietary fund is maintained consistent with legal and managerial requirements.

Proprietary Funds

Proprietary funds are used to account for ongoing operations and activities that are similar to those often found in the private sector. The measurement focus is based on determination of financial position, changes in net position and cash flows. The two types of proprietary funds are enterprise funds and internal service funds. The District’s fund is an enterprise fund.

Enterprise Funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or changes in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The District’s proprietary fund is presented using the economic resources measurement focus. The accounting objectives of the “economic resources” measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and all liabilities (whether current or noncurrent) associated with the operation of this fund are reported. Proprietary fund equity is classified as net position.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Notes to Financial Statements (continued)

Basis of Accounting

Proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred, or economic asset used.

D. Assets, Liabilities and Equity

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing demand deposits. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; otherwise, they are classified as cash equivalents.

Receivables

Receivables consist of all revenues earned at year-end and not yet received.

Receivables that have been determined to be uncollectible are recognized as bad debts by direct write-off to expense at the time information becomes available indicating the uncollectibility of the receivable. Although the direct write-off method is not in conformity with accounting principles generally accepted in the United States of America (GAAP), reported differences between the direct write-off and GAAP-based methods are considered immaterial.

Prepaid Expenses

Payments made to insurance companies for yearly policies that will benefit future periods are recorded as prepaid insurance.

Capital Assets

Capital assets which include property, plant, and equipment used in the proprietary fund type operations are reported in the statement of net position. Capital assets are valued at historical cost or estimated cost (if historical cost is not available). Donated assets (including assets contributed by other governmental entities) are recorded as capital assets at their estimated fair value at the date of the donation. It is the District's policy to capitalize all assets with a cost of \$1,000 or more.

Depreciation of all exhaustible fixed assets used by the proprietary fund type operations is charged as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Notes to Financial Statements (continued)

Depreciation is computed using the straight-line method based on the estimated useful lives of the various assets as follows:

Buildings	25 years
Improvements	10-25 years
Furniture and equipment	3-10 years

Unearned Revenue

Revenues collected during the year that are not available to finance the operations of the current period are reported as unearned revenues and are recognized as operating revenues in the subsequent period.

Compensated Absences

Full-time employees of the District earn vacation and sick leave annually at varying rates depending upon length of service. Accrued unused annual leave shall be carried forward to succeeding calendar years without limitation.

Upon termination, an employee is compensated for accumulated vacation time up to 200 hours. Employees are not compensated for sick time.

An accrual is made for the amount of compensation employees will receive in the future based upon services performed in the current year for vacation time not used. The liability related to this accumulated vacation time totaled \$11,629 at December 31, 2019.

Equity Classifications

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets included restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisional or enabling legislation.
- c. Unrestricted – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District considers restricted funds to have been spent first.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Notes to Financial Statements (continued)

E. Revenues and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Revenues

The District records lease rentals and charges for water usage as revenues when earned. Ad valorem taxes and state revenue sharing are recorded in the year the taxes are due and payable. Interest income is recorded when earned. Substantially all other revenues are recorded when received.

Expenses

Expenses are classified by function for business-type activities and further classified as operating and nonoperating. Expenses are recorded in the period that the liabilities are incurred.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

(2) Cash and Cash Equivalents

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2019, the District had cash and cash equivalents (book balances) totaling \$5,086,516. These deposits are stated at cost, which approximates market.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the District or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2019, deposit balances (bank balances) totaling \$5,087,560 were secured from risk by \$250,000 of federal deposit insurance and pledged securities with a market value of \$4,837,560.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Notes to Financial Statements (continued)

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered, or the District may not be able to recover collateral securities that are in the possession of an outside party. The District does not have a policy to monitor or reduce exposure to custodial credit risk. At December 31, 2019, deposits in the amount of \$4,837,560 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent but not the District's name.

(3) Investments

At December 31, 2019, the District's investments totaled December 31, 2019 as follows:

Description	Interest Rate	Market Value/ Carrying Amount	Cost
Louisiana Asset Management Pool	Various	\$ 7,418	\$ 7,418

State law allows the District to invest in direct United States Treasury obligations, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal or U.S. Government instrumentalities, which are federally sponsored; direct security repurchase agreements of any federal book entry only securities guaranteed by the U. S. Government; time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana; savings account or shares of certain savings and loan associations and savings banks; certain accounts of federally or state chartered credit unions; certain mutual or trust fund institutions; certain guaranteed investment contracts; and investment grade commercial paper of domestic United States corporations.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with R.S. 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Notes to Financial Statements (continued)

- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: 2a7-like investment pool are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.
- Foreign currency risk: Not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair market value of investments is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Fair Value Measurements

To the extent available, the District's investments are recorded at fair value as of December 31, 2019. GASB Statement No. 72, *Fair Value Measurements and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The District measures and records its investments using fair value guidelines established by GASB 72, which recognizes a three-tiered fair value hierarchy as follows:

- Level 1 — quoted prices for identical investments in active markets
- Level 2 — observable inputs other than quoted market prices
- Level 3 — unobservable inputs

The District's investments in LAMP are measured using observable inputs other than quoted market prices (Level 2 inputs). The investments in LAMP are valued using quoted market prices of the underlying investment of LAMP on a weekly basis and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

(4) Receivables

The District records ad valorem taxes and state revenue sharing in the year the tax is due and payable. At December 31, 2019, ad valorem taxes and state revenue sharing receivables were \$580,580 and \$17,526 respectively. As part of a reimbursement grant from the State of Louisiana, the District has a receivable of \$170,027 related to a DOTD project performed during the year. Also, lease rentals and water utility revenues are recorded when earned. Lease rentals and water utility revenues receivables at December 31, 2019 totaled \$13,231 and \$1,561, respectively.

The financial statements contain no allowance for uncollectible receivables. It is management's opinion that all receivables are collectible and potential bad debt losses, if any, are immaterial.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
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Notes to Financial Statements (continued)

(5) Ad Valorem Taxes

The District's property tax is levied in October of each year on the assessed value of property within the District's taxing area. Taxes are due and payable by December 31. The taxes are delinquent after January 1, at which time an enforceable lien attaches to the property. The taxes are collected on behalf of the District by the St. Mary Parish Sheriff and then remitted to the District. The District receives the majority of its taxes in January and February. The tax rate for the year ended December 31, 2019 was 3.72 mills on the dollar of the assessed valuation of all taxable property in the present boundaries of the District.

(6) Capital Assets

The following is a summary of changes in fixed assets:

	Balance December 31, 2018	Additions	Deletions	Balance December 31, 2019
Capital assets not depreciated				
Land	\$ 7,336,323	\$ -	\$ -	\$ 7,336,323
Construction in progress	312,956	31,417	(286,031)	58,342
Other capital assets				
Buildings	4,662,906	-	-	4,662,906
Improvements	8,223,294	1,255,464	-	9,478,758
Water system	1,492,734	-	-	1,492,734
Furniture and fixtures	35,128	-	-	35,128
Equipment	161,421	41,247	-	202,668
Subtotal	22,224,762	1,328,128	(286,031)	23,266,859
Less: accumulated depreciation	(9,649,211)	(408,667)	-	(10,057,878)
Total	\$ 12,575,551	\$ 919,461	\$ (286,031)	\$ 13,208,981

Depreciation expense related to the utilization of fixed assets for the year ended December 31, 2019, was \$408,667.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Notes to Financial Statements (continued)

(7) Leases

The District has available for lease all of its land, buildings, and improvements at the port site.

At December 31, 2019, the minimum future rentals on the District's leases are as follows:

2020	277,412
2021	276,612
2022	95,246
2023	2,196
	<u>\$ 651,466</u>

The leasing arrangements vary based on the operations of the tenant and may be either short-term or long-term in nature. Leases are primarily negotiated with an initial term of five years with options to renew for 1-3 additional five-year terms.

(8) Compensation of Commissioners

The Commissioners of the District received no per diem, salaries, or wages for the year ended December 31, 2019.

(9) Compensation and Other Payments to Executive Director

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. Payments to the District's executive director, David Allain, for the year ended December 31, 2019 are as follows:

Salary	\$ 87,760
Benefits - Insurance	11,086
Benefits - Retirement	8,702
Car allowance	10,200
Travel	5,136
Registration fees	495
Total	<u>\$ 123,379</u>

(10) Retirement Plans

All employees of the District are covered under the Federal Insurance Contributions Act (Social Security). The District makes the required contributions to the fund and is not responsible for the benefits. Contributions to the Social Security retirement system for the year ended December 31, 2019 totaled \$10,764.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Notes to Financial Statements (continued)

The District provides a Simplified Employee Pension plan for all eligible employees. The District has selected the pro rata allocation formula for contributions. Employer contributions made for a plan year on behalf of any participant shall not exceed the lesser of 100% of compensation or the limitation in effect under Code Section 415(c)(1)(A), which was \$55,000 for 2019.

The District contributed 10% of each eligible employee's salary for a total of \$15,814 during the year ended December 31, 2019.

(11) Risk Management

The District is exposed to various risks of loss related to torts, theft, or damage to assets, errors and omissions, injuries to employees and natural disasters. The District has purchased commercial insurance to protect against loss from substantially all of these perils. There were no significant reductions in insurance coverage, retention, or limits during the current year. Settled claims have not exceeded commercial coverages in any of the previous three fiscal years.

(12) Federal Grant Award

In July 2018, the District was awarded a \$1,300,000 grant from the Economic Development Administration to construct a welding training center. As of December 31, 2019, no grant funds had been expended.

(13) New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements:

GASB Statement No. 84, *Fiduciary Activities* (January 2017)

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The provisions of GASB Statement No. 84 are effective for fiscal periods beginning after December 15, 2018 and are anticipated to have no effect on the District's financial statements.

GASB Statement No. 87, *Leases* (June 2017)

The Statement increased the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after December 15, 2019. The effect of implementation on the District's financial statements has not yet been determined.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
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Notes to Financial Statements (continued)

GASB Statement No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61* (August 2018)

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The provisions of GASB Statement No. 90 are effective for fiscal periods beginning after December 15, 2018 and are anticipated to have no effect on the District's financial statements.

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

The Board of Commissioners
West St. Mary Parish Port, Harbor and Terminal District
Franklin, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the West St. Mary Parish Port, Harbor and Terminal District (the "District") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 2, 2020.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we identified certain deficiencies in internal control that we consider to be material weaknesses and which are described in the accompanying summary schedule of audit results and findings as items 2019-001 and 2019-002.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
June 2, 2020

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2019

A. Internal Control

2018-001 Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CURRENT STATUS: See schedule of audit results and findings item 2019-001.

2018-002 Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

CURRENT STATUS: See schedule of audit results and findings, item 2019-002.

B. Compliance

No findings were reported under this section.

C. OMB Uniform Guidance

Uniform Guidance did not apply.

D. Management Letter

A management letter was not issued.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Schedule of Audit Results and Findings
Year Ended December 31, 2019

Part I. Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued on financial statements Unmodified

2. Internal control over financial reporting:

Material weakness(es) identified?	✓	yes	_____	no
Significant deficiency(ies) identified?	_____	yes	_____	none reported

3. Noncompliance material to the financial statements? _____ yes ✓ no

Other

4. Management letter issued? _____ yes ✓ no

Part II. Findings Relating to an Audit in Accordance with *Government Auditing Standards*

A. Internal Control

2019-001 Segregation of Duties

Year initially Occurring: Unknown

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The District's internal control over financial reporting includes those policies and procedures that pertain to the District's ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements.

CAUSE: Due to limited personnel performing administrative functions, the same person or persons prepares checks, reconciles bank statements, enters information into the general ledger, prepares journal entries and posts to the general ledger, and performs other significant administrative and financial functions within the accounting system.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: The District's board is aware of this inadequacy and has concluded that the cost of hiring additional personnel to achieve complete segregation of duties would exceed its benefits. No additional response is deemed necessary.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended December 31, 2019

2019-002 Financial Reporting

Year initially Occurring: Unknown

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities in the financial statement preparation process.

CRITERIA: An entity's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The condition results from a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related notes may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

B. Compliance

No findings are reported under this section.

Part III. Findings and Questioned Costs Relating to Federal Programs

The requirements of OMB's Uniform Guidance do not apply to the District.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Corrective Action Plan for Current Audit Findings
Year Ended December 31, 2019

2019-001 Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

MANAGEMENT'S RESPONSE: The District's board is aware of the condition and has decided that the benefit of the additional controls derived by employing additional personnel in the accounting functions is outweighed by the additional personnel costs.

2019-002 Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

MANAGEMENT'S RESPONSE: The financial reporting process will continue to be outsourced to the District's external auditors due to the increased cost necessary to correct the condition.

**WEST ST. MARY PORT, HARBOR AND
TERMINAL DISTRICT**

Statewide Agreed-Upon Procedures

Fiscal period January 1, 2019 through December 31, 2019

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES TO CONTROL AND COMPLIANCE AREAS IDENTIFIED BY THE LOUISIANA LEGISLATIVE AUDITOR

To the Board of Commissioners
West St. Mary Port, Harbor and Terminal District, and
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the West St. Mary Port, Harbor and Terminal District (hereinafter "District") and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019, as required by the *Louisiana Governmental Audit Guide*. The District's management is responsible for those control and compliance 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 the provisions of *Government Auditing Standards*, issued by the Comptroller General of the United States, applicable to attestation engagements. The sufficiency of these procedures is solely the responsibility of the District and LLA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated exceptions are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

Note: The Board of Commissioners approved and adopted the "Employee and Operations Policy Manual" at the November 12, 2019 meeting. The District did not maintain any written and/or adopted policies and procedures prior to November 12, 2019.

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

Written policies and procedures were obtained and address the functions noted above with the exception of 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.

Written policies and procedures were obtained and address the functions noted above with the exception of (2) how vendors are added to the vendor list.

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

Written policies and procedures were obtained and address the functions noted above.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures were obtained and address the functions noted above with the exception of management's actions to determine the completeness of all collections.

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

Written policies and procedures were obtained and address the functions noted above.

- 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.

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and addressed the functions noted above with the exception of functions (2) dollar thresholds by category of expense and (4) required approvers. However, the District has dollar thresholds and/or allowable IRS rates for expense categories.

- 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.

Written policies and procedures were obtained and address the functions noted above with the exception of functions (1) prohibitions as defined in Louisiana Revised Statute 42:1111-1121 and (4) a requirement that all employees, including elected officials, annually attest through signature verification that they have read the District's ethics policy.

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

The District does not have written policies and procedures related to Debt Service. However, the District has no issued and outstanding debt.

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

The District does not have written policies and procedures on Disaster Recovery/Business Continuity.

Board or Finance Committee

Note: Procedures excluded from testing in the current period — Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 3: "Entities that did not have exceptions in one or more of the twelve AUP testing in Year 3." categories tested during Year 1 or Year 2 may exclude those categories from testing in Year 3."

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund 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.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Obtained a listing of client bank accounts from management, which identified the District's main operating account, and management's representation that the listing is complete. Selected the District's main operating account which is part of the District's daily business operations.

- 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);

Bank reconciliations include no evidence of being prepared within 2 months of the statement closing date.

- 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

Bank reconciliations include no evidence of management's review.

- 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.

No exceptions were found as a result of this procedure.

Collections (excluding EFTs)

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).

Obtained 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. Selected the District's one (1) deposit site.

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

Obtained a listing of collection locations for the District's deposit site and management's representation that the listing is complete. Selected the District's one (1) deposit site. Selected the District's one (1) collection location.

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

No exceptions were found as a result of this procedure.

- 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.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- 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.

No exceptions were found as a result of this procedure.

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

Employees responsible for collecting cash are bonded and/or covered by an insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

Randomly selected two (2) deposit dates and obtained documentation for the deposits.

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

The District does not utilize a pre-numbered receipt system.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Deposits were not made within one business day of receipt.

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

No exceptions were found as a result of this procedure.

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

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

Obtained a listing of locations that process payments from management and management's representation that the listing is complete. Selected the District's one (1) location that processes payments.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Obtained a listing of those employees involved in non-payroll purchasing and payment functions and obtained a description of employee job duties based on written documentation and/or inquiry.

- a) At least two employees are involved in initiating a purchase request, approving a purchase and placing an order/making the purchase.

The District does not have at least two employees involved in initiating purchase request, approving a purchase, and placing an order/making the purchase.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions were found as a result of this procedure.

- 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.

The District has no policy prohibiting the employee responsible for processing payments from adding/modifying vendor files. Additionally, there is no other employee who periodically reviews changes to the 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.

The employee responsible for signing checks gives the checks to be mailed to the employee responsible for processing payments.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

Obtained a listing of the District's disbursement population from management and management's representation that the listing is complete. Randomly selected five (5) disbursements.

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure as applicable to the District's policies and procedures.

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), 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.

Obtained a listing of all active credit cards, bank debit cards, fuel cards, and P-cards, including card numbers and the names of the persons who maintain possession of the cards from management and management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation and:

Selected the two (2) credit cards maintained by the District. Randomly selected the month of December.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported]

Credit card statements and/or related documentation included no evidence of being approved in writing by someone other than the card holder.

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

One (1) the two (2) credit card statements evidenced finance charges and late fees.

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

The two statements selected above contained a total of ten (10) transactions with the following exceptions: No written documentation of the business/public purpose for one (1) of the ten (10) transactions.

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

Note: Procedures excluded from testing in the current period — Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 3: "Entities that did not have exceptions in one or more of the twelve AUP testing in Year 3." categories tested during Year 1 or Year 2 may exclude those categories from testing in Year 3."

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, 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 is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

Note: Procedures excluded from testing in the current period — Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 3: "Entities that did not have exceptions in one or more of the twelve AUP testing in Year 3." categories tested during Year 1 or Year 2 may exclude those categories from testing in Year 3."

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

Payroll and Personnel

Note: Procedures excluded from testing in the current period — Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 3: "Entities that did not have exceptions in one or more of the twelve AUP testing in Year 3." categories tested during Year 1 or Year 2 may exclude those categories from testing in Year 3."

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. 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.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (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.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

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

Ethics

Note: Procedures excluded from testing in the current period — Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 3: "Entities that did not have exceptions in one or more of the twelve AUP testing in Year 3." categories tested during Year 1 or Year 2 may exclude those categories from testing in Year 3."

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

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

The District has no outstanding debt and did not issue any bonds/notes during the fiscal period.

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

The District has no outstanding debt and did not issue any bonds/notes during the fiscal period.

Other

Note: Procedures excluded from testing in the current period — Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 3: "Entities that did not have exceptions in one or more of the twelve AUP testing in Year 3." categories tested during Year 1 or Year 2 may exclude those categories from testing in Year 3."

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

Management's Response

The District concurs with the exceptions and is working to address the deficiencies identified.

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

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information of and use by the District's management and the LLA and should not be used by anyone other than those specified parties. Accordingly, this report is not suitable for any other purpose and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
June 2, 2020