

**Terrebonne Port Commission**

Annual Financial Report  
As of and for the  
Year Ended December 31, 2018

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Annual Financial Report  
As of and for the Year Ended December 31, 2018

**Table of Contents**

	<b><u>Page</u></b>
<b>Independent Auditor's Report</b>	1-3
<b>Management's Discussion and Analysis</b>	4-8
<b>Financial Statements</b>	
Statement of Net Position	9
Statement of Revenues, Expenses, and Change in Net Position	10
Statement of Cash Flows	11
Notes to Financial Statements	12-21
<b>Other Information</b>	
Schedule of Compensation, Benefits, and Other Payments to the Executive Director	22
<b>Report Required by <i>Government Auditing Standards</i></b>	
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 <i>Government Auditing Standards</i>	23-24
<b>Schedule of Findings and Responses</b>	25-26
<b>Management's Corrective Action Plan for Current Year Findings</b>	27
<b>Schedule of Prior Findings and Responses</b>	28
<b>Statewide Agreed-Upon Procedures</b>	
Independent Accountant's Report on Applying Agreed-Upon Procedures	29
Schedule of Procedures and Associated Findings of the Statewide Agreed-Upon Procedures	30-44

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners  
Terrebonne Port Commission  
Terrebonne Parish Consolidated Government  
Houma, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Terrebonne Port Commission (the Commission), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

The Commission's 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Terrebonne Port Commission as of December 31, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

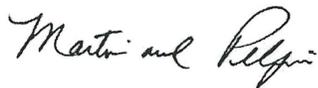
#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Terrebonne Port Commission's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to the Executive Director on page 22 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to the Executive Director is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to the Executive Director is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2019, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Commission's internal control over financial reporting and compliance.



Houma, Louisiana  
June 25, 2019

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis  
December 31, 2018

As management of the Terrebonne Port Commission (the Commission), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Port for the year ended December 31, 2018.

**FINANCIAL HIGHLIGHTS**

- The Port Commission's assets exceeded its liabilities by \$77,249,611 (net position) as of December 31, 2018.
- The Commission's total net position increased by \$2,249,293.
- The Port Commission received federal, state, and local contributions totaling \$4,664,606 for capital projects.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction to the Commission's basic financial statements. The Terrebonne Port Commission's basic financial statements consist of four components: 1) Statement of Net Position 2) Statement of Revenues, Expenses, and Change in Net Position, 3) Statement of Cash Flows, and 4) Notes to Financial Statements.

**Statement of Net Position.** This statement presents the Terrebonne Port Commission's assets and liabilities, with the difference of assets and liabilities reported as net position. The fluctuation in net position can be used as an indication of whether the financial position of the Commission is improving or deteriorating.

**Statement of Revenues, Expenses, and Change in Net Position.** Consistent with the full accrual basis method of accounting, this statement accounts for current year revenues and expenses regardless of when cash is received or paid. The statement also exhibits the relationship of revenues and expenses with the change in net position.

**Statement of Cash Flows.** The statement of cash flows illustrates the cash inflows and outflows of the Terrebonne Port Commission.

**Notes to Financial Statements.** The accompanying notes provide additional information essential to a full understanding of the data provided in the basic financial statements.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis  
December 31, 2018

**BASIC FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the Commission, assets exceeded liabilities by \$77,249,611 at the close of the most recent year, December 31, 2018. The largest portion of the Commission's total assets is net capital assets (98%).

**The Commission's Net Position**

	<b>December 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 814,188	\$ 1,210,959
Accounts receivable	44,189	130,517
Due from other governmental units	604,102	69,142
Other current assets	96,997	107,799
Capital assets, net of accumulated depreciation	83,767,128	79,356,869
Total assets	85,326,604	80,875,286
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued expenses	595,529	315,758
Due to Terrebonne Parish Consolidated Government	14,244	15,210
Revenue bond	2,535,220	-
Certificates of indebtedness		
Due within one year	633,000	612,000
Due in more than one year	4,299,000	4,932,000
Total liabilities	8,076,993	5,874,968
<b>NET POSITION</b>		
Net investment in capital assets	76,299,908	73,812,869
Unrestricted	949,703	1,187,449
Total net position	\$ 77,249,611	\$ 75,000,318

- Total assets increased by \$4,451,318, and total liabilities increased by \$2,202,025.
- The increase in assets is attributable to increases in net capital assets of \$4,410,259 and due from other governmental units of \$534,960.
- The increase in liabilities is attributable to a revenue bond issued in 2018.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis  
December 31, 2018

During the year, the Commission's net position increased by \$2,249,293. The elements of the increase are as follows:

**The Commission's Change in Net Position**

	Year Ended December 31,	
	2018	2017
<b>REVENUES</b>		
Dry dock rental fees	\$ 889,368	\$ 873,368
Rental fees	396,145	423,934
Office rental fees	366,782	364,973
Total revenues	1,652,295	1,662,275
<b>OPERATING EXPENSES</b>		
Depreciation	2,948,558	2,914,630
Contractual services	366,565	393,107
Personal services	312,433	212,623
Other services and charges	201,358	89,658
Supplies, materials, and technology	18,876	16,349
Repairs and maintenance	8,049	46,176
Total expenses	3,855,839	3,672,543
<b>OTHER INCOME (EXPENSE)</b>		
Interest income	472	913
Donation of land	-	333,500
Loss on disposal of capital asset	(502)	-
Interest expense	(211,739)	(229,068)
Total other income (expense)	(211,769)	105,345
<b>LOSS BEFORE CONTRIBUTIONS</b>	(2,415,313)	(1,904,923)
<b>CAPITAL CONTRIBUTIONS</b>	4,664,606	1,526,414
<b>INCREASE (DECREASE) IN NET POSITION</b>	\$ 2,249,293	\$ (378,509)

As indicated above, net position increased by \$2,249,293. This increase from the prior year is primarily the result of an increase in capital contributions received.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis  
December 31, 2018

**The Commission's Cash Flows**

	Year Ended December 31,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from tenants	\$ 1,738,623	\$ 1,455,980
Cash paid to employees and suppliers	(947,332)	(964,675)
Net cash flows provided by operating activities	791,291	491,305
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>		
Investment income	472	913
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(7,029,661)	(950,605)
Capital contributions	4,129,646	1,978,594
Repayments on line of credit	-	(500,000)
Proceeds from revenue bond	2,535,220	-
Principal payments on certificates of indebtedness	(612,000)	(590,000)
Interest payments on certificates of indebtedness	(211,739)	(229,068)
Net cash flows used in capital and related financing activities	(1,188,534)	(291,079)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ (396,771)</b>	<b>\$ 201,139</b>

Total cash and cash equivalents decreased by \$396,771. This decrease from the prior year is primarily due to the increase in purchases of capital assets.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis  
December 31, 2018

**CAPITAL ASSETS**

Capital assets include land, construction in progress, land improvements, equipment, buildings, and infrastructure recorded at a historical cost of \$104,941,775. Accumulated depreciation as of December 31, 2018 is \$21,174,647 resulting in an ending book balance of \$83,767,128. Capital additions during the year totaled \$7,359,319, consisting primarily of construction in progress. Depreciation expense of \$2,948,558 was recorded for the year.

More detailed information about the capital assets is presented in the notes to financial statements. However, a summary of current and prior year capital assets is found below:

	<u>2018</u>	<u>2017</u>
Land	\$ 2,490,974	\$ 1,765,974
Construction in progress	6,339,270	684,374
Land improvements	2,307,801	2,303,637
Equipment	112,267	112,253
Buildings	8,808,788	8,173,171
Infrastructure	<u>84,882,675</u>	<u>84,545,788</u>
	104,941,775	97,585,197
Less accumulated depreciation	<u>(21,174,647)</u>	<u>(18,228,328)</u>
Total capital assets, net	<u>\$ 83,767,128</u>	<u>\$ 79,356,869</u>

**LOAN AGREEMENTS**

Certificates of indebtedness are recorded as liabilities. The total amount of principal paid on these notes during the year was \$612,000 resulting in an ending balance of \$4,932,000. Interest paid on certificates of indebtedness was \$196,460.

Terrebonne Port Commission issued a draw-down revenue bond on March 1, 2018. The outstanding balance on this note was \$2,535,220 as of December 31, 2018.

More detailed information about these loan agreements is presented in the notes to financial statements.

**REQUEST FOR INFORMATION**

This financial report is designed to provide general overview of the Commission's finances for all those with such an interest. Call the Terrebonne Port Commission office (985-873-6428), and ask for David Rabalais, Port Director, if you should have any further questions concerning any of the information provided in this report or have a request for additional financial information.

**FINANCIAL STATEMENTS**

**Terrebonne Port Commission**  
 Terrebonne Parish Consolidated Government  
 Proprietary Fund – Enterprise Fund

Statement of Net Position  
 December 31, 2018

**ASSETS**

Current assets

Cash and cash equivalents	\$ 814,188
Receivable	44,189
Due from other governmental unit	604,102
Prepaid insurance	9,569
Prepaid interest	87,428
Total current assets	1,559,476

Capital assets, net of accumulated  
 depreciation of \$21,174,647

83,767,128

**TOTAL ASSETS**

85,326,604

**LIABILITIES**

Current liabilities

Accounts payable and accrued expenses	595,529
Due to Terrebonne Parish Consolidated Government	14,244
Total current liabilities	609,773

Revenue bond

2,535,220

Certificates of indebtedness

Due within one year	633,000
Due in more than one year	4,299,000
	4,932,000

**TOTAL LIABILITIES**

8,076,993

**NET POSITION**

Net investment in capital assets  
 Unrestricted

76,299,908  
 949,703

**TOTAL NET POSITION**

\$ 77,249,611

See accompanying notes.

**Terrebonne Port Commission**  
 Terrebonne Parish Consolidated Government  
 Proprietary Fund – Enterprise Fund

Statement of Revenues, Expenses,  
 and Change in Net Position  
 For the Year Ended December 31, 2018

<b>REVENUES</b>	
Dry dock rental fees	\$ 889,368
Rental fees	396,145
Office rental fees	<u>366,782</u>
<b>TOTAL REVENUES</b>	<u>1,652,295</u>
<b>EXPENSES</b>	
Depreciation	2,948,558
Contractual services	366,565
Personal services	312,433
Other services and charges	201,358
Supplies, materials, and technology	18,876
Repairs and maintenance	<u>8,049</u>
<b>TOTAL EXPENSES</b>	<u>3,855,839</u>
<b>OPERATING LOSS</b>	<u>(2,203,544)</u>
<b>OTHER INCOME (EXPENSE)</b>	
Interest income	472
Loss on disposal of capital assets	(502)
Interest expense	<u>(211,739)</u>
<b>TOTAL OTHER INCOME (EXPENSE)</b>	<u>(211,769)</u>
<b>LOSS BEFORE CONTRIBUTIONS</b>	(2,415,313)
<b>CAPITAL CONTRIBUTIONS (NOTE 6)</b>	<u>4,664,606</u>
<b>CHANGE IN NET POSITION</b>	2,249,293
<b>NET POSITION - Beginning</b>	<u>75,000,318</u>
<b>NET POSITION - Ending</b>	<u><u>\$ 77,249,611</u></u>

See accompanying notes.

**Terrebonne Port Commission**  
**Terrebonne Parish Consolidated Government**  
**Proprietary Fund – Enterprise Fund**

**Statement of Cash Flows**  
**For the Year Ended December 31, 2018**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from tenants	\$ 1,738,623
Cash paid to employees and suppliers	(947,332)
	<hr/>
Net cash flows provided by operating activities	791,291
	<hr/>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>	
Investment income received	472
	<hr/>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	(7,029,661)
Capital contributions	4,129,646
Proceeds from revenue bond	2,535,220
Principal payments on certificates of indebtedness	(612,000)
Interest payments on certificates of indebtedness	(211,739)
	<hr/>
Net cash flows used in capital and related financing activities	(1,188,534)
	<hr/>
Net decrease in cash and cash equivalents	(396,771)
<b>CASH AND CASH EQUIVALENTS, beginning</b>	<hr/> 1,210,959
<b>CASH AND CASH EQUIVALENTS, ending</b>	<hr/> <u>\$ 814,188</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (2,203,544)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	2,948,558
Decrease in:	
Receivable	86,328
Prepaid interest	10,802
Decrease in:	
Accounts payable and accrued expenses	(50,853)
	<hr/>
Net cash flows provided by operating activities	<u>\$ 791,291</u>
	<hr/>
<b>NONCASH OPERATING AND INVESTING ACTIVITIES:</b>	
Capital assets included in accounts payable	<u>\$ 560,695</u>

See accompanying notes.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2018

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Terrebonne Port Commission was created by the City of Houma and the Terrebonne Parish Police Jury in 1964, as authorized by Louisiana Revised Statute 34:2201. On January 9, 1984, after a vote of the citizens of Terrebonne Parish, the City of Houma and the Terrebonne Parish Police Jury were consolidated to form the Terrebonne Parish Consolidated Government. The Port Commission is governed by a seven-member board. The Terrebonne Parish Consolidated Government (Parish Council) appoints three members; the Parish President nominates two; and the South Central Industrial Association and the Houma-Terrebonne Chamber of Commerce nominate one each. The Port Commission is responsible for maintaining, operating, and developing the Terrebonne Port, located on the Houma Navigation Canal within one-mile of its intersection with the Gulf Intracoastal Waterway. The Port Commission is also responsible for maintaining and improving the waterways of Terrebonne Parish.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

**A. REPORTING ENTITY**

Because the Consolidated Government and Parish President appoint a majority of the governing board and can therefore impose their will, the Terrebonne Port Commission was determined to be a component unit of the Terrebonne Parish Consolidated Government, the governing body of the Parish and the governmental body with financial accountability.

The accompanying financial statements present information only on the funds maintained by the Commission and do not present information on the Consolidated Government, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

The Commission has reviewed all of its activities and determined that there are no potential component units that should be included in its financial statements.

**B. METHOD OF ACCOUNTING**

GASB statements established standards for external financial reporting for all state and local governmental entities. For enterprise funds such as the Port, this includes a statement of net position, a statement of revenues, expenses and change in net position, and a statement of cash flows. It requires the classification of net position

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2018

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

The basic financial statements of the Commission are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

**C. FUND TYPES**

The Terrebonne Port Commission is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, net position, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed primarily through user charges.

**D. BASIS OF ACCOUNTING**

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

The Enterprise Fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recorded when they are incurred.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2018

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**E. CASH AND CASH EQUIVALENTS**

The Commission considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

**F. BAD DEBTS**

The financial statements of the Commission contain no allowance for bad debts. Uncollectible amounts are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the Commission.

**G. CAPITAL ASSETS**

Capital assets of the Port Commission, excluding donated property and equipment, are valued at cost. All donated property and equipment are recorded at estimated fair market value on the date of the donation. Assets are capitalized if costs exceed \$500 and if they have an estimated useful life of at least one year. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Capital assets reported on the statement of net position are net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of the individual asset. Estimated useful lives of assets range from 5 to 40 years.

**H. ACCUMULATED VACATION AND SICK LEAVE**

Upon separation of employment, employees are compensated for accumulated vacation leave at the employee's current rate of pay. As of December 31, 2018, employees had accumulated \$16,885 of employee leave benefits. Sick leave is not a vested benefit and will not be paid upon termination.

**I. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2018

**NOTE 2 – DEPOSITS**

Under state law, the Commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of another state in the Union, or the laws of the United States.

State law also requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

The year end balances of deposits are as follows:

	<u>Bank Balance</u>	<u>Reported Amount</u>
Cash	\$ 814,242	\$ 814,188

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission has a written policy for custodial credit risk. As of December 31, 2018, \$314,242 of the Commission's bank balance of \$814,242 was exposed to credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Commission's name.

As of December 31, 2018, cash was adequately collateralized in accordance with state law by federal deposit insurance and securities held by an unaffiliated bank for the account of the Commission. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers the securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2018

**NOTE 3 – CAPITAL ASSETS**

A summary of changes in capital assets follows:

	Balance January 1, 2018	Additions/ Reclassifications	Deletions/ Reclassifications	Balance December 31, 2018
Capital assets, not being depreciated:				
Land	\$ 1,765,974	\$ 725,000	\$ -	\$ 2,490,974
Construction in progress	684,374	5,757,082	(102,186)	6,339,270
<b>Total capital assets not being depreciated</b>	<b>2,450,348</b>	<b>6,482,082</b>	<b>(102,186)</b>	<b>8,830,244</b>
Capital assets being depreciated:				
Land improvements	2,303,637	4,164	-	2,307,801
Equipment	112,253	2,755	(2,741)	112,267
Buildings	8,173,171	635,617	-	8,808,788
Infrastructure	84,545,788	336,887	-	84,882,675
<b>Total capital assets being depreciated</b>	<b>95,134,849</b>	<b>979,423</b>	<b>(2,741)</b>	<b>96,111,531</b>
Less accumulated depreciation:				
Land improvements	(200,273)	(153,704)	-	(353,977)
Equipment	(51,542)	(15,631)	2,239	(64,934)
Buildings	(536,982)	(234,402)	-	(771,384)
Infrastructure	(17,439,531)	(2,544,821)	-	(19,984,352)
<b>Accumulated depreciation</b>	<b>(18,228,328)</b>	<b>(2,948,558)</b>	<b>2,239</b>	<b>(21,174,647)</b>
<b>Totals</b>	<b>\$ 79,356,869</b>	<b>\$ 4,512,947</b>	<b>\$ (102,688)</b>	<b>\$ 83,767,128</b>

Construction in progress includes expansion projects, slip dredging, bulkhead extension, and other small projects.

For the year ended December 31, 2018, depreciation expense was \$2,948,558.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2018

**NOTE 4 – CERTIFICATES OF INDEBTEDNESS**

The Commission has outstanding certificates of indebtedness as follows:

<u>Certificate of Indebtedness Number</u>	<u>Balance as of December 31, 2018</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
1	\$ 3,138,000	4.00%	July 1, 2025
2	\$ 1,794,000	2.75%	July 1, 2025

Each certificate is secured by a dedication of the Commission's revenues.

The following is a summary of changes in the certificates of indebtedness of the Commission for the year ended December 31, 2018:

	<u>Certificates of Indebtedness</u>
Payable as of January 1, 2018	\$ 5,544,000
Debt incurred	-
Debt retired	<u>(612,000)</u>
Payable as of December 31, 2018	<u>\$ 4,932,000</u>

The requirements to amortize the certificates of indebtedness outstanding as of December 31, 2018 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 397,000	\$ 125,520	\$ 522,520
2020	413,000	109,640	522,640
2021	430,000	93,120	523,120
2022	447,000	75,920	522,920
2023	465,000	58,040	523,040
Thereafter	<u>986,000</u>	<u>59,560</u>	<u>1,045,560</u>
Number 1 Totals	<u>\$ 3,138,000</u>	<u>\$ 521,800</u>	<u>\$ 3,659,800</u>
2019	\$ 236,000	\$ 49,335	\$ 285,335
2020	242,000	42,845	284,845
2021	249,000	36,190	285,190
2022	256,000	29,343	285,343
2023	263,000	22,303	285,303
Thereafter	<u>548,000</u>	<u>22,715</u>	<u>570,715</u>
Number 2 Totals	<u>\$ 1,794,000</u>	<u>\$ 202,731</u>	<u>\$ 1,996,731</u>

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2018

**NOTE 4 – CERTIFICATES OF INDEBTEDNESS (Cont.)**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 633,000	\$ 174,855	\$ 807,855
2020	655,000	152,485	807,485
2021	679,000	129,310	808,310
2022	703,000	105,263	808,263
2023	728,000	80,343	808,343
Thereafter	<u>1,534,000</u>	<u>82,275</u>	<u>1,616,275</u>
Totals	<u>\$ 4,932,000</u>	<u>\$ 724,531</u>	<u>\$ 5,656,531</u>

**NOTE 5 – REVENUE BOND**

Terrebonne Port Commission issued a Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bond on March 1, 2018. The amount of the draw-down bond is not to exceed \$8,000,000. The funds are to be used for a bulkhead upgrade and extension project. The loan includes an interest rate of 3.42% on outstanding balances and is secured by all lawfully available revenue of the Commission. Interest payments are due each March 1<sup>st</sup> and September 1<sup>st</sup>. Principal payments are due each March 1<sup>st</sup> beginning in 2020 and ending on March 1, 2039. The outstanding balance on this bond was \$2,535,220 as of December 31, 2018. Assuming a draw-down of the complete \$8,000,000 available, future principal maturities are as follows:

<u>Year Ending December 31,</u>	
2020	\$ 285,000
2021	295,000
2022	305,000
2023	315,000
2024	325,000
Thereafter	<u>6,475,000</u>
	<u>\$ 8,000,000</u>

**NOTE 6 – CAPITAL CONTRIBUTIONS**

During the year ended December 31, 2018, the Commission received capital contributions from the following:

Department of Transportation and Development	\$ 3,702,326
Tenants	778,829
United States Economic Development Administration	<u>183,451</u>
	<u>\$ 4,664,606</u>

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2018

**NOTE 6 – CAPITAL CONTRIBUTIONS (Cont.)**

These contributions were designated for use in the expansion projects, road extension, and construction of the generator.

**NOTE 7 – LEASE REVENUE**

The Commission leases various parcels of land located at the port to industrial and business concerns. These are noncancelable leases with obligated terms ranging from five to twenty years. The operating lease income for the year ended December 31, 2018 was \$396,145.

The Commission leases bulkhead space and a dry dock to two companies under written agreements. The noncancelable leases are for forty years. The operating lease income for the year ended December 31, 2018 was \$889,368.

The Commission entered into two written agreements to lease office space to an unrelated party. The first lease commenced on August 1, 2013 and expires on August 1, 2023. Monthly payments of \$2,197 are required. The second lease commenced on August 1, 2014 and expires on July 1, 2029. Monthly payments of \$28,166 are required for the first ten years and \$25,669 for the last five years. The operating lease income for the year ended December 31, 2018 was \$366,782.

The following is a schedule of future minimum rental income from noncancelable operating revenue leases as of December 31, 2018:

<u>Year Ending December 31,</u>	
2019	\$ 1,478,813
2020	1,275,556
2021	1,275,556
2022	1,275,556
2023	1,266,768
Thereafter	<u>15,600,139</u>
	<u>\$ 22,172,388</u>

**NOTE 8 – POSTEMPLOYMENT BENEFITS**

The Commission's personnel are employees of the Terrebonne Parish Consolidated Government. As such, they are offered postemployment healthcare and life insurance benefits through the Parish's group plan. Plan information, including actuarial valuation information and funding status, can be found in the annual report of the Terrebonne Parish Consolidated Government.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2018

**NOTE 9 – PENSION PLAN**

Employees of the Terrebonne Parish Consolidated Government are members of the State of Louisiana Parochial Employees' Retirement System (PERS). Membership in the retirement system is compulsory at date of employment. Membership is cancelled only by death, resignation, or retirement. Retirement benefits are based upon PERS provisions in place at the time of retirement. Retirement expense for the year ended December 31, 2018 was \$21,985. Plan information, including actuarial valuation information and funding status, can be found in the annual report of the Terrebonne Parish Consolidated Government.

**NOTE 10 – COMPENSATION OF BOARD MEMBERS**

As provided by Louisiana Revised Statute 2:603, the Commissioners have elected to use the monthly meeting method of compensation. Under this method, the chairman and other board members receive a \$60 payment for each meeting attended with a limit of two paid meetings per month. The compensation is included in personal services expense on the statement of revenues, expenses, and change in net position. The following amounts were paid to commissioners for the year ended December 31, 2018:

Chris Erny	\$ 720
Greg Landry	660
Dan Davis	660
Edward Rome	600
Andrew Blanchard	600
Steve Crispino	-
Charles Giglio	-
	<hr/>
Total	<u>\$ 3,240</u>

**NOTE 11 – RISK MANAGEMENT**

The Commission is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to the public; and natural disasters for which the Commission carries commercial insurance or other insurance for the losses to which it is exposed. No settlements were made during the year that exceeded the Commission's insurance coverage. The Commission's premiums for general liability are based on various factors such as its operations and maintenance budget, exposure, and claims experience.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2018

**NOTE 12 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through June 25, 2019, which is the date the financial statements were available to be issued, and it was determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**OTHER INFORMATION**

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Schedule of Compensation, Benefits, and Other  
Payments to the Executive Director  
For the Year Ended December 31, 2018

**Agency Head Name:** David Rabalais, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 145,529
Benefits - insurance	20,955
Reimbursements	8,352
Car allowance/automobile expense	7,200
Benefits - retirement	4,366
Cell phone allowance	1,800
Travel	-
Conference travel	-
Benefits - other	-
Deferred compensation	-
Vehicle provided by government	-
Per diem	-
Registration fees	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

This schedule is used to satisfy the reporting requirements of R.S. 24:513(A)(3).

**REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS**

**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**

To the Board of Commissioners  
Terrebonne Port Commission  
Terrebonne Parish Consolidated Government  
Houma, 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 business-type activities of the Terrebonne Port Commission (the Commission), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated June 25, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission'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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, item 2018-001, that we consider to be a significant deficiency.

### **Compliance and Other Matters**

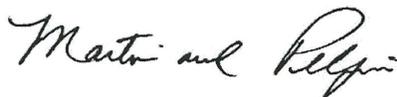
As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material 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*.

### **The Commission's Response to Finding**

The Commission's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended solely for the information and use of the Board of Commissioners, management, the State of Louisiana, pass-through grantors, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Houma, Louisiana  
June 25, 2019

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Schedule of Findings and Responses  
For the Year Ended December 31, 2018

**Section I – Summary of Auditor’s Results**

1. The auditor’s report expresses an unmodified opinion on the basic financial statements of the Terrebonne Port Commission.
2. One significant deficiency in internal control (see finding 2018-001) was noted during the audit of the financial statements.
3. No instances of noncompliance required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. A management letter was not issued.
5. The Commission received \$183,451 in federal funds during the year.

**Section II – Financial Statement Findings**

This section is not applicable.

**Section III – Internal Control Findings**

**2018-001**

Statement of Condition: A significant deficiency in the Commission’s internal control.

Criteria: In our consideration of internal control, we noted that the size of the Commission’s operations and its limited accounting staff preclude an inadequate segregation of duties and other features of an adequate system of control.

Effect of Condition: The internal control, in our judgment, could adversely affect the entity’s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Cause of Condition: The size of Commission’s operations and its limited accounting staff preclude an inadequate segregation of duties and other features of an adequate system of internal control.

Recommendation: The Board of Commissioners of the Commission should closely monitor the day-to-day activities of the Commission.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Schedule of Findings and Responses  
For the Year Ended December 31, 2018

Response: The management of Terrebonne Port Commission concurs with this finding.

Questioned Costs: \$ -0-

**Section IV – Federal Awards**

This section is not applicable.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Management's Corrective Action Plan for Current Year Findings  
For the Year Ended December 31, 2018

The contact person for all corrective actions noted below is Mr. David Rabalais, Executive Director.

**Section I – Internal Control and Compliance**

**Inadequate Internal Control**

Condition: A significant deficiency in the internal control related to lack of segregation of duties.

Recommendation: The Board of Commissioners of the Commission should closely monitor the day-to-day activities of the Commission.

Planned Action: The Board of Commissioners will closely monitor the day-to-day activities of the Commission.

**Section II – Internal Control and Compliance Material to Federal Awards**

This section is not applicable.

**Section III – Management Letter**

This section is not applicable.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Schedule of Prior Findings and Responses  
For the Year Ended December 31, 2018

Note: All prior findings relate to the December 31, 2017 audit engagement.

**Section I – Internal Control and Compliance Material to the Financial Statements**

Disposal of Surplus Movable Property

Condition: During the year ended December 31, 2017, the Commission “junked” capital assets without offering for sale as prescribed by state law.

Recommendation: We suggest that the Commission’s management better its familiarity with the applicable state surplus movable property laws to ensure that all future capital assets dispositions are appropriately completed.

Planned Action: Management will implement the recommendation.

Status: Resolved.

Inadequate Internal Control

Condition: A significant control deficiency in the internal control related to lack of segregation of duties.

Recommendation: The Board of Commissioners should closely monitor the day-to-day activities of the Commission.

Planned Action: The Board of Commissioners will closely monitor the day-to-day activities of the Commission.

Status: Ongoing. The Commission has implemented the recommendation, but the lack of segregation of duties continues to exist. As such, the Board will continue to perform the recommendation.

**Section II – Internal Control and Compliance Material to Federal Awards**

This section is not applicable.

**Section III – Management Letter**

This section is not applicable.

**STATEWIDE AGREED-UPON PROCEDURES**

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**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

Board of Commissioners  
Terrebonne Port Commission  
Terrebonne Parish Consolidated Government  
Houma, Louisiana

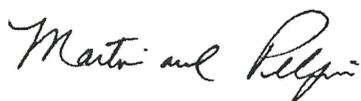
We have performed the procedures enumerated below, which were agreed to by the management of Terrebonne Port Commission (the Commission) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2018. The Organization'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, 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 findings are described on pages 30-44.

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 C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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 Louisiana Legislative Auditor as a public document.



Houma, Louisiana  
June 25, 2019

## **Terrebonne Port Commission**

### **Houma, Louisiana**

Schedule of Procedures and Associated Findings of the  
Statewide Agreed-Upon Procedures  
For the Year Ended December 31, 2018

The required procedures and our findings are as follows:

Procedures performed on the Commission's written policies and procedures:

#### **Written Policies and Procedures**

1. Obtain and inspect the Commission's written policies and procedures and observe that they address each of the following categories and subcategories, as applicable:

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

Performance: Obtained and read the written policy for budgeting and found it to contain the requirements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read the written policy for purchasing and found it to contain all requirements above except for the requirement noted below.

Exceptions: The policy does not include purchase orders.

Management's response: Management will consider adding purchase orders to the purchasing policy.

c. Disbursements, including processing, reviewing, and approving

Performance: Obtained and read the written policy for disbursements and found it to contain the requirements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read the written policy for receipts and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Terrebonne Port Commission**

**Houma, Louisiana**

Schedule of Procedures and Associated Findings of the

Statewide Agreed-Upon Procedures

For the Year Ended December 31, 2018

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

Performance: Obtained and read the written policy for payroll and personnel and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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

Performance: Obtained and read the written policy related to contracting and found it to contain the requirements listed above.

Exceptions: The policy does not include the types of services requiring written contracts.

Management's response: Management will consider adding the types of services requiring written contracts to its policy.

- 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

Performance: Obtained and read the written policy related to credit cards and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read the travel and expense reimbursement policy and found it contained all requirements listed above except for the requirement below.

Exceptions: Dollar thresholds by category of expense are not disclosed. The policy mentions that meals shall be reimbursed to employees while traveling out of town on any business forum in an amount not to exceed the Internal Revenue Service per diem rates. Mileage reimbursement is not discussed in the policy.

Management's response: Management will consider adding dollar thresholds to the written policy.

## **Terrebonne Port Commission**

### **Houma, Louisiana**

#### Schedule of Procedures and Associated Findings of the

#### Statewide Agreed-Upon Procedures

For the Year Ended December 31, 2018

- 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.

Performance: Obtained and read the written policy related to ethics and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Determined whether the Commission has a written debt service policy.

Exceptions: While the Commission does have a debt service policy, it is not written.

Management's response: The Commission will include its debt service policy in its written policies.

### **Board or Finance Committee**

2. Obtain and review 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) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, as well as monthly financial statements.
  - c) 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.

Performance: Determined that the procedures under #2 could be excluded as the Commission did not have any exceptions in the Board or Finance Committee category in the prior year.

## **Terrebonne Port Commission**

### **Houma, Louisiana**

Schedule of Procedures and Associated Findings of the  
Statewide Agreed-Upon Procedures  
For the Year Ended December 31, 2018

#### **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 four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Performance: Obtained the listing of bank accounts from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated, electronically logged);

Performance: Determined that randomly selected bank statements were reconciled within two months of the related statement closing date.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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);

Performance: Inspected documentation for management approvals of each randomly selected bank reconciliation.

Exceptions: There was no evidence of the bank reconciliations being reviewed.

Management's response: The Executive Director will review the bank reconciliations each month and give evidence that he has done so.

- 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.

Performance: Determined that there were no items outstanding for more than 12 months as of the end of the fiscal year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

## Terrebonne Port Commission

### Houma, Louisiana

Schedule of Procedures and Associated Findings of the  
Statewide Agreed-Upon Procedures  
For the Year Ended December 31, 2018

#### 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 five deposit sites (or all deposit sites if less than five).

Performance: Observed the listing of deposit sites from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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. five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Performance: Observed the listing of collection locations from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Determined that no cash drawers/registers are shared by employees.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

Performance: Inspected policy manuals and inquired of client to ensure separation of duties for those employees collecting cash and those employees preparing/making bank deposits.

Exceptions: The person responsible for making the deposit can also collect cash.

Management's response: Management will separate these duties when it is cost-beneficial to do so. Management will continue to closely monitor the collection activities of the Commission.

**Terrebonne Port Commission**

**Houma, Louisiana**

Schedule of Procedures and Associated Findings of the

Statewide Agreed-Upon Procedures

For the Year Ended December 31, 2018

- 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.

Performance: Inspected policy manuals and inquired of client to ensure separation of duties for those employees collecting cash and those employees posting collection entries to the general ledger or subsidiary ledgers.

Exceptions: The person responsible for posting collection entries to the general ledger can also collect cash.

Management's response: Management will separate these duties when it is cost-beneficial to do so. Management will continue to closely monitor the collection activities of the Commission.

- 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.

Performance: Inspected policy manuals and inquired of client to ensure separation of duties for those employees collecting cash and those employees reconciling cash collections to the general ledger and/or subsidiary ledgers.

Exceptions: There are no segregation of duties.

Management's response: Management will separate these duties when it is cost-beneficial to do so. Management will continue to closely monitor the day-to-day activities of the Commission.

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

Performance: Determined whether employees who have access to cash are covered by a bond or insurance policy for theft.

Exceptions: While board members/certain individuals are covered under a bond insurance policy, the person who collects cash is not covered.

Management's response: Management will consider purchasing an insurance policy to cover those employees who handle cash.

7. Randomly select two deposit dates for each of the five bank accounts selected for procedure #3 under "Bank Reconciliations" above. Obtain supporting documentation for each of the ten deposits and:

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

**Terrebonne Port Commission**

**Houma, Louisiana**

Schedule of Procedures and Associated Findings of the

Statewide Agreed-Upon Procedures

For the Year Ended December 31, 2018

Performance: Determined that sequentially pre-numbered receipts are not required for the type of deposits that are received at the Commission.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected deposits from two random deposit dates to determine if they had collection documentation that agreed to the respective deposit slips. Noted that collections were supported by adequate documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected deposits from two random deposit dates to determine if the deposit slips agreed to the actual deposits per the bank statements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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 ten miles from the collection location or the deposit is less than \$100).

Performance: Determined if deposits from two random dates were deposited within one business day of receipt.

Exceptions: It appears that deposits tested were not deposited within one business day of receipt based on check dates. The check stubs are not stamped when they are received.

Management's response: Management will ensure that deposits are made in a timely manner.

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

Performance: Inspected deposits from two random deposit dates to determine if the deposits per the bank statements agree to the general ledger.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Management's response: Not applicable.

**Terrebonne Port Commission**

**Houma, Louisiana**

Schedule of Procedures and Associated Findings of the  
Statewide Agreed-Upon Procedures  
For the Year Ended December 31, 2018

**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 five locations (or all locations if less than five).

Performance: Obtained a listing of locations that processed payments for the fiscal period from management and received management's representation in a separate letter. Determined that only one location processed payments.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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, 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.

Performance: Obtained a listing of those employees involved with non-payroll purchasing and payment functions along with written policies and procedures for those functions to determine if there was a proper segregation of duties for initiating, approving, and making purchases.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained a listing of those employees involved with non-payroll purchasing and payment functions along with written policies and procedures for those functions to determine if there was a proper segregation of duties for processing and approving payments to vendors.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

**Terrebonne Port Commission**

**Houma, Louisiana**

Schedule of Procedures and Associated Findings of the

Statewide Agreed-Upon Procedures

For the Year Ended December 31, 2018

Performance: Inspected policy and inquired of management as to separation of duties related to vendor files.

Exceptions: It has been determined by management that the cost of the separation of duties regarding the processing of payments and the addition of vendors by separate employees would exceed the benefit of doing so.

Management's response: These duties will be separated when the benefit of doing so exceeds the cost.

- 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.

Performance: Inquired of management to determine if the employee responsible for processing payments mails those respective payments.

Exceptions: The employee who processes payments sometimes mails those payments out.

Management's response: These duties will be separated when the benefit of doing so exceeds the cost.

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 five disbursements for each location, obtain supporting documentation for each transaction and:

Performance: Obtained the completed general ledger for the fiscal period and obtained management's representations in a separate letter. Randomly selected five disbursements using a random number generator for check numbers to test the requirements below.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Determined that the five random disbursements matched their respective original invoices.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Determined whether the documentation for the five random disbursements gave evidence of the segregation of duties tested under #9 above.

## **Terrebonne Port Commission**

### **Houma, Louisiana**

Schedule of Procedures and Associated Findings of the

Statewide Agreed-Upon Procedures

For the Year Ended December 31, 2018

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

### **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.
12. Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
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).

Performance: Determined that the Commission does not have any of these cards and that numbers 11 through 13 do not apply.

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

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

## **Terrebonne Port Commission**

### **Houma, Louisiana**

Schedule of Procedures and Associated Findings of the  
Statewide Agreed-Upon Procedures  
For the Year Ended December 31, 2018

- 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](http://www.gsa.gov)).

Performance: Determined that three of the randomly selected reimbursements were for mileage. Determined that the mileage rate paid was not in excess of the GSA mileage rate.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Performance: Determined if the randomly selected travel reimbursements using actual costs were supported by an original itemized receipt that identifies precisely what was purchased.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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).

Performance: Determined if the randomly selected travel reimbursements were supported by documentation of the business/public purpose and other documentation required by written policy.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Performance: Determined that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

### **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. Obtain management's representation that the listing is complete.

**Terrebonne Port Commission**

**Houma, Louisiana**

Schedule of Procedures and Associated Findings of the

Statewide Agreed-Upon Procedures

For the Year Ended December 31, 2018

Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:

Performance: Observed the listing of contracts in effect during the fiscal year from management and received management's representation of completeness in a separate letter. Randomly selected five contracts to determine if they complied with the requirements below.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

Performance: Determined that the contracts tested were not subject to the Public Bid Law.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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).

Performance: Inspected board meeting minutes to determine if the board approved the contracts.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Determined whether contracts were amended during the year and if original contract terms provided for such amendments.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Randomly select one payment from the fiscal period for each of the five 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.

## **Terrebonne Port Commission**

### **Houma, Louisiana**

Schedule of Procedures and Associated Findings of the  
Statewide Agreed-Upon Procedures  
For the Year Ended December 31, 2018

Performance: Inspected one invoice and payment from each of the five contracts to determine if the invoice and related payment complied with the terms of each respective contract.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

### **Payroll and Personnel**

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five 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 five 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).
  - 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.

Performance: Determined that the Terrebonne Parish Consolidated Government is responsible for the Commission's payroll. As such, numbers 16 through 19 do not apply.

## **Terrebonne Port Commission**

### **Houma, Louisiana**

Schedule of Procedures and Associated Findings of the  
Statewide Agreed-Upon Procedures  
For the Year Ended December 31, 2018

#### **Ethics**

20. Using the five 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 Commission's ethics policy during the fiscal period.

Performance: Determined that the procedures under #20 could be excluded as the Commission did not have any exceptions in the Ethics category in the prior year.

#### **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.
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.

Performance: Determined that the procedures under #21 and #22 could be excluded as the Commission did not have any exceptions in the Debt Service category in the prior year.

#### **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. 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.

**Terrebonne Port Commission**

**Houma, Louisiana**

Schedule of Procedures and Associated Findings of the

Statewide Agreed-Upon Procedures

For the Year Ended December 31, 2018

Performance: Determined that the procedures under #23 and #24 could be excluded as the Commission did not have any exceptions in the Other category in the prior year.