

**Vinton Harbor and Terminal District
Vinton, Louisiana
Financial Report
For the Year Ended December 31, 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Vinton Harbor and Terminal District
Vinton, Louisiana

We have audited the accompanying financial statements of the governmental activities of Vinton Harbor and Terminal District, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Vinton Harbor and Terminal 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

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, economical, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 26 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 financials statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules of compensation paid board members and compensation, benefits and other payments to agency head is presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplementary information is the responsibility of management and is derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or 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 agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 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 grants. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

This report is intended solely for the information and use of management, and 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.

Joyce Williams, Co., CPA

Vinton Harbor and Terminal District
Vinton, Louisiana

STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
December 31, 2019

ASSETS

Cash and cash equivalents	\$ 95,393
Investments	504,140
Ad valorem tax receivable, net of allowance for doubtful accounts \$3,202	156,912
Intergovernmental receivable	18,514
Other receivables	3,153
Land and other capital assets not being depreciated	1,580,927
Capital assets, net of accumulated depreciation	700,490
Prepaid insurance	7,568
Restricted cash	57,856
	<hr/>
Total assets	3,124,953

LIABILITIES

Accounts payable	11,618
Accrued interest payable	4,461
Payroll taxes payable	450
Ad valorem pension payable	4,847
Deferred revenues	37,032
Long-term liabilities:	
Bond payable--	
Portion due within one year	80,000
Portion due after one year	730,000
	<hr/>
Total liabilities	868,408

NET POSITION

Net investment in capital assets	2,281,417
Restricted for debt service	57,856
Unrestricted	(82,728)
	<hr/>
Total net position	<u>\$ 2,256,545</u>

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

**Vinton Harbor and Terminal District
Vinton, Louisiana**

**STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
For the Year Ended December 31, 2019**

Function/Program	Expenses	Program Revenues			Governmental Activities - Net (Expenses) Revenues and Changes in Net Position
		Fees and Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Governmental activities:					
General government	\$ 437,069	\$ -	\$ 44,515	\$ -	\$ (392,554)
Interest on long-term debt	<u>27,966</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,966)</u>
Total Government Activities	<u>\$ 465,035</u>	<u>\$ -</u>	<u>\$ 44,515</u>	<u>\$ -</u>	<u>(420,520)</u>
General revenues:					
					154,612
					3,299
					109,624
					51,452
					3,637
					13,494
					<u>69</u>
				Total general revenues	<u>336,187</u>
				Change in net position	(84,333)
				Net position - beginning of year	2,392,871
				Restatement of beginning net position	<u>(51,993)</u>
				Net position - beginning of year, as restated	<u>2,340,878</u>
				Net position - end of year	<u>\$ 2,256,545</u>

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

Vinton Harbor and Terminal District
Vinton , Louisiana

GOVERNMENTAL FUND - BALANCE SHEET
December 31, 2019

		General Fund
<u>ASSETS</u>		
Cash and cash equivalents	\$	95,393
Investments		504,140
Ad valorem tax receivable, net of allowance for doubtful accounts \$3,202		156,912
Intergovernmental receivable		18,514
Other receivable		3,153
Prepaid insurance		7,568
Restricted cash		57,856
Total assets	\$	843,536
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$	11,618
Payroll taxes payable		450
Ad valorem pension payable		4,847
Deferred revenues		37,032
Total liabilities		53,947
Fund balance:		
Restricted for debt service		57,856
Unassigned		731,733
Total fund balance		789,589
Total liabilities and fund balance	\$	843,536

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

Vinton Harbor and Terminal District
Vinton, Louisiana

RECONCILIATION OF FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION
December 31, 2019

FUND BALANCE OF GOVERNMENTAL FUNDS \$ 789,589

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore, not reported in the funds:

Land	\$ 1,580,927	
Cost of capital assets	1,127,770	
Less - accumulated depreciation	<u>(427,280)</u>	2,281,417

Revenues in the statement of activities that are not available in governmental funds are not reported as revenues in governmental funds:

Interest payable on long-term liabilities is not accrued in governmental funds; rather, it is recognized as an expenditure when paid. These liabilities are reported in the statement of Net Position. (4,461)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the current period and, therefore are not reported in the governmental funds. (810,000)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 2,256,545

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

**Vinton Harbor and Terminal District
Vinton, Louisiana**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended December 31, 2019**

	General Fund
Revenue:	
Ad valorem taxes	\$ 154,612
State revenue sharing	3,299
Intergovernmental	44,515
Rental income	109,624
Royalty income	51,452
Interest income	3,637
Investment earnings	13,494
Other income	70
Total revenues	380,703
Expenditures:	
Current:	
Governmental	
Advertising	932
Attorney fees	11,586
Auditing	5,850
Bank charges	356
Bad debt	3,202
Box rent	194
Contract work	200,016
Dues	4,625
Engineering fees	114,794
Insurance	14,369
Material and supplies	2,459
Office supplies	53
Per diem	6,290
Registration	1,500
Repairs and maintenance	12,007
Secretarial wages	17,100
Sheriff pension	4,847
Taxes - payroll	1,780
Telephone expense	720
Travel	3,596
Trustee fee	600
Capital outlay	29,500
Debt service:	
Bond principal payment	80,000
Bond interest expense	28,475
Total expenditures	544,851
Net change in fund balance	(164,148)
Fund balance at beginning of year	1,005,730
Restatement of beginning fund balance	(51,993)
Fund balance at beginning of year, as restated	953,737
Fund balance at end of year	\$ 789,589

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

**Vinton Harbor and Terminal District
Vinton, Louisiana**

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019**

Total net change in fund balance - governmental funds		\$ (164,148)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.</p>		
Capital outlay	\$ 29,500	
Depreciation expense	<u>(30,191)</u>	(691)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		80,000
<p>Interest on long-term debt attributable to periods beyond the current year are not reported as current year expenses in the Statement of Activities.</p>		
		<u>506</u>
Change in net position of governmental activities		<u><u>\$ (84,333)</u></u>

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

Notes to the Financial Statements

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2019
NOTES TO FINANCIAL STATEMENTS

INTRODUCTION

The Vinton Harbor and Terminal District (“District”) is a political subdivision of the State of Louisiana and was created in 1956 by Act No. 466 as an amendment to Chapter 1 of Title 34 of the Louisiana Revised Statutes of 1950. The District was created to regulate the commerce and traffic within the confines of Ward Seven of the parish of Calcasieu, State of Louisiana. The governing authority of the District is a board of commissioners, consisting of five members. The initial commissioners were appointed as follows:

1. Three members were appointed by the mayor and town council of the Town of Vinton, Louisiana.
2. Two members were appointed by the police jury of the parish of Calcasieu, State of Louisiana.

Upon expiration of the initial commissioners’ terms, any vacancy is to be filled by the board of commissioners, for the term of five years, from a panel of names submitted to them as follows:

Two names to be submitted by each of the following:

1. The governing authority of the Town of Vinton, Louisiana.
2. The police jury of the parish of Calcasieu, State of Louisiana.

The commissioners are compensated on a per diem basis for meetings attended.

The District has no employees. The District is responsible for operating and maintaining a harbor and terminal on the Vinton Navigation Canal located in Ward Seven of the parish of Calcasieu, State of Louisiana. Within this area, the District also leases a building and land to various tenants.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District’s more significant accounting policies are described below.

Basis of Accounting/Measurement Focus

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2019
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Basis of Accounting/Measurement Focus – (Continued)

A. Government-Wide Financial Statements

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

B. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The General Fund is the District's operating fund. It accounts for all financial resources of the District.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2019
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Budget Practices

1. The proposed budget is prepared and submitted to the Advisory Board for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. The proposed budget is made available for public inspection.
3. The budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
4. All budgetary appropriations lapse at the end of each fiscal year.
5. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Board.

Cash and cash equivalents

Cash and cash equivalents include amounts in demand deposits with an original maturity of three months or less.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Receivables are reported net of allowance for uncollectible accounts and revenues net of uncollectibles. Uncollectible amounts due for ad valorem taxes are recognized as uncollectible using the allowance method. The allowance for uncollectible accounts at December 31, 2019 was \$3,202.

Investments

Louisiana state statutes, as stipulated in R.S. 39:1271, authorize the District to invest in United States bonds, treasury notes, or certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. The state statutes also authorize the District to invest in any other federally insured investment, or in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies. In addition, the District is authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by the initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investing is performed in accordance with investment policies complying with State Statutes and those adopted by the Board of Commissioners.

Investments, which include U.S. Government agencies and deposits in LAMP, are stated at fair market value.

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2019
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. As of December 31, 2019, all assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	10 - 40 years
Equipment	7 - 20 years

Restricted Cash

Certain debt proceeds of the District, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants and they are maintained in separate bank accounts.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of fund net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2019
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Equity Classification

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including 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 net position – Consists of assets with constraints placed on the use by either (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- a. Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- b. Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- c. Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District board. The District board is the highest level of decision-making authority for the District. These amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- d. Assigned: This classification includes amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed.
- e. Unassigned: includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. Only the District board may assign amounts for specific purpose.

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2019
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District board has provided otherwise in its commitment or assignment actions.

Property Taxes

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31. Property taxes not paid by the end of February are subject to lien.

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 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences

Compensated absences for sick and personal time have not been accrued since they cannot be reasonably estimated. The District policy is to recognize cost when actually paid.

Restatement of Beginning Net Position and Fund Balance

The beginning net position and fund balance have been restated to reflect prior year adjustments recorded in the current period.

Recently Issued Accounting Pronouncements

In June 2017, GASB issued Statement No. 87, “Leases.” The statement increases 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 foundational 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 June 15, 2021. The effect of implementation on the District's financial statements has not yet been determined.

NOTE 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, 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 has cash and cash equivalents (book balances) totaling \$95,393.

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2019
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - CASH AND CASH EQUIVALENTS – (Continued)

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 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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2019, the District has \$153,314 in deposits (collected bank balances). These deposits are secured from risk by up to \$250,000 of federal deposit insurance.

NOTE 3 - INVESTMENTS

Deposits held by LAMP at December 31, 2019, consist of \$504,140 in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool (see Summary of Significant Accounting Policies). In accordance with GASB Statement No. 3, the investment in LAMP is not categorized in the three risk categories provided by GASB Statement No. 3 because the investments are in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administrated by LAMP, Inc., a non-profit corporation organized under the laws of the state of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments 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.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for 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.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2019
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – INVESTMENTS – (Continued)

- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is (NUMBER- days) (from LAMP's monthly Portfolio Holdings) as of (DATE – month-end).
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset 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.

At December 31, 2019, the weighted-average yield on the deposits at LAMP, was 1.71% and the weighted-average maturity was less than 60 days. LAMP is rated AAAM with Standard and Poor's.

NOTE 4 - AD VALOREM TAXES

Accounting principles generally accepted in the United States of America for government prescribe a modified accrual basis to be applied to property tax revenues. An assessment is made to finance the budget of a particular period and the revenue produced from any property tax assessment should be recognized in the fiscal period for which it was provided (budgeted) and for which the collections are reasonably available.

Expected collections and collections of the 2019 levy are accrued as receivable and as revenue in the current year (2019). For budget purposes, property taxes collected in 2019 are designated as revenue appropriable in the 2019 budget year.

For the year ended December 31, 2019, taxes of 2.36 mills were levied on property with assessed valuation totaling approximately \$65,697,888. Total taxes levied for the year ended December 31, 2019 were \$155,047.

During the year, the tax assessor made adjustments to previous year taxpayer valuations and wrote off a total of \$197 worth of taxes. This amount was net against current year ad valorem taxes.

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31. Property taxes not paid by the end of February are subject to lien.

The parish bills and collects its property taxes using the assessed values determined by the Calcasieu Parish Tax Assessor.

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2019
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSET

Capital assets and depreciation activity as of and for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,551,427	\$ 29,500	\$ -	\$ 1,580,927
Total capital assets not being depreciated	<u>\$ 1,551,427</u>	<u>\$ 29,500</u>	<u>\$ -</u>	<u>\$ 1,580,927</u>
Capital assets being depreciated:				
Building and building improvements	\$ 1,103,899	\$ -	\$ -	\$ 1,103,899
Equipment	23,871	-	-	23,871
Total capital assets being depreciated	<u>1,127,770</u>	<u>-</u>	<u>-</u>	<u>1,127,770</u>
Less accumulated depreciation:				
Buildings and building improvements	388,834	29,117	-	417,951
Equipment	8,255	1,074	-	9,329
Total accumulated depreciation	<u>397,089</u>	<u>30,191</u>	<u>-</u>	<u>427,280</u>
 Total capital assets being depreciated, net	 <u>\$ 730,681</u>	 <u>\$ (30,191)</u>	 <u>\$ -</u>	 <u>\$ 700,490</u>

Depreciation expense for the year ended December 31, 2019, was charged to governmental activities in the amount of \$30,191.

NOTE 6 – RESTRICTED CASH

The District maintains a sinking fund reserve bank account with a balance of \$57,855 as of December 31, 2019 which is controlled by Merchant and Farmers Bank. See note 7 for more details.

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2019
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – BONDS PAYABLE

A. Debt Outstanding

The following is a summary of the debt transactions of the District for the year ended December 31, 2019:

Bonds payable, December 31, 2018	\$ 890,000
Bonds repaid	(80,000)
Bonds issued	-
Bonds payable, December 31, 2019	<u>\$ 810,000</u>

Debt payable at December 31, 2019 is comprised of the following:

\$1,250,000 Revenue bonds dated May 16, 2013, due in annual installments of \$65,000 - \$100,000 through May 1, 2028, interest at 3.5%	<u>\$ 810,000</u>
--	-------------------

B. Debt Service Requirement to Maturity

The annual requirements, including interest, to amortize the bonds outstanding as of December 31, 2019 are as follows:

Year Ending December 31,	<u>Principal</u>	<u>Interest</u>
2020	\$ 80,000	\$ 25,795
2021	\$ 85,000	\$ 23,031
2022	\$ 85,000	\$ 20,184
2023	\$ 90,000	\$ 17,253
2024	\$ 90,000	\$ 14,238
2025-2028	\$ 380,000	\$ 25,963

C. Sinking Fund Requirement

The Bond requires the District to make monthly deposits into sinking fund. The payments are to be made on or before the 20th calendar day of each month commencing May 20, 2013, a sum equal to one-sixth (1/6) of the interest on the Bond due on the next Interest Payment Date, and one-twelfth (1/12) of the principal of the Bond due on the next maturity date. The balance of the sinking fund at December 31, 2019 is \$57,855.

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2019
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LEASE AGREEMENTS

Acreage Lease

The District is in its second 10-year term of a 75-acre lease effective August 1, 2006. The lease has three 10-year renewals left according to original lease. Rent per year for all 75 acres is \$63,483. Attached to this lease are two options to lease additional acres for \$3,844 a year with the same renewal terms. Future minimum payments to be received as of December 31, 2019 are as follows:

Year Ending December 31,	Amount
2020	\$ 67,327
2021	\$ 67,327
2022	\$ 67,327
2023	\$ 67,327
2024	\$ 67,327
Thereafter	\$ 106,602

The District leases 40-acres of land to a tenant for a three-year term starting January 1, 2017. Minimum base rent for year one was \$6,500 and years two and three are \$3,500. In addition to the minimum base rent the District receives a twenty-two percent lessor royalty. For the year ended December 31, 2019 total base rent and royalty income was \$51,452.

Building Lease

The District leases a building to a tenant for a five-year term starting January 1, 2014. This lease expired on December 31, 2018, with the lessee exercising their option to extend the lease for the first of the two 5-year renewal options. Minimum base rent under the renewal is \$3,450 a month for the next 60 months. Total rental income for 2019 was \$41,396. After two years from date of commencement of this lease, either party may terminate the lease with a six-month written notice. Future minimum payments to be received as of December 31, 2019 are as follows:

Year Ending December 31,	Amount
2020	\$ 41,400
2021	41,400
2022	41,400
2023	41,400
	\$ 165,600

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2019
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - CONCENTRATION

The District derives the majority of its rental income from two tenants and is subject to any economic factors that might influence these tenants.

NOTE 11 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

For the year ended December 31, 2019, expenditures exceeded revenues in the general fund by \$164,148. These excess expenditures were covered by available fund balance in the fund.

NOTE 12 – PRIOR PERIOD ADJUSTMENTS

General Fund

The beginning fund balance of the District has been restated on the fund basis financial statements to record a prior period adjustment to correct certain revenues and expenses that were recorded in prior years. A reconciliation of the prior period ending fund balance to the current year beginning fund balance of the District is as follows:

Beginning fund balance	\$ 1,005,730
Adjustment to correct the following:	
Rent revenues	(10,581)
Intergovernmental revenues	(36,810)
Insurance expense	(4,602)
Beginning fund balance, as restated	\$ 953,737

The above adjustment decreased the prior year fund balance by \$51,993 and had no change on the current year fund balance.

Governmental Activities

The beginning net position of the District has been restated in the government-wide statement of net position to record a prior period adjustment to correct certain revenues and expenses that were recorded in prior years. A reconciliation of the prior period ending net position to the current year beginning net position for the governmental activities is as follows:

Beginning net position	\$ 2,392,871
Adjustment to correct the following:	
Rent revenues	(10,581)
Intergovernmental revenues	(36,810)
Insurance expense	(4,602)
Beginning net position, as restated	\$ 2,340,878

The above adjustment decreased the prior year net position by \$51,993 and had no impact on the current year change in net position.

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2019
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - SUBSEQUENT EVENTS

The recent global outbreak of the Coronavirus (COVID-19) has raised concerns regarding business and the financial markets have recently experienced significant volatility. While District has been immediately impacted by the adverse conditions in the financial markets, the long-term impact on the District's operations is uncertain at this time.

Management of the District has evaluated its December 31, 2019 financial statements for subsequent events through the date of the independent auditors' report, the date the financial statements were available to be issued. Except for the item above, management is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

Required Supplemental Information

**Vinton Harbor and Terminal District
Vinton, Louisiana**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCE (GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2019**

	BUDGET		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
Revenue:				
Ad valorem taxes	\$ 140,000	\$ 140,000	\$ 154,612	\$ 14,612
State revenue sharing	2,500	2,500	3,299	799
Intergovernmental	-	52,915	44,515	(8,400)
Rental income	110,250	206,070	109,624	(96,446)
Royalty income	25,000	40,000	51,452	11,452
Interest	100	4,000	3,637	(363)
Investment earnings	10,000	12,000	13,494	1,494
Other income	1,000	1,000	70	(930)
Total revenues	288,850	458,485	380,703	(77,782)
Expenditures:				
Governmental				
Advertising	750	1,000	932	68
Attorney fees	500	4,705	11,586	(6,881)
Auditing	5,650	5,850	5,850	-
Bad debt	-	-	3,202	(3,202)
Bank Charges	250	350	356	(6)
Box rent	180	180	194	(14)
Contract work	5,000	240,800	200,016	40,784
Dues	2,500	4,625	4,625	-
Engineering fees	5,000	112,175	114,794	(2,619)
Insurance	9,000	16,400	14,369	2,031
Material and supplies	-	-	2,459	(2,459)
Office supplies	500	500	53	447
Per diem	5,460	5,460	6,290	(830)
Postage	100	100	-	100
Registration expense	1,000	1,500	1,500	-
Repairs and maintenance	10,000	13,200	12,007	1,193
Secretarial service	12,600	12,800	17,100	(4,300)
Sheriff Pension	-	-	4,847	(4,847)
Supplies	500	2,000	-	2,000
Taxes - payroll	6,940	6,940	1,780	5,160

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

**Vinton Harbor and Terminal District
Vinton, Louisiana**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCE (GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2019**

	BUDGET		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures:				
Governmental - (Continued)				
Telephone	720	720	720	-
Travel	6,500	3,000	3,596	(596)
Trustee fee	600	600	600	-
Uniforms	500	500	-	500
Capital outlay	-	29,500	29,500	-
Debt service:				
Bond principal payment	80,000	80,000	80,000	-
Bond interest	28,000	28,475	28,475	-
Total expenditures	<u>182,250</u>	<u>571,380</u>	<u>544,851</u>	<u>26,529</u>
Net change in fund balance	106,600	(112,895)	(164,148)	(51,253)
Fund balance at beginning of year, as restated	<u>953,737</u>	<u>953,737</u>	<u>953,737</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,060,337</u>	<u>\$ 840,842</u>	<u>\$ 789,589</u>	<u>\$ (51,253)</u>

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

Other Supplemental Information

**Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2019**

COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid to the Vinton Harbor and Terminal District members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the Vinton Harbor and Terminal District members is included in the general administrative expenditures of the General Fund. Members of the governing board receive compensation pursuant to Louisiana Revised Statute 34:334.12. This was amended by House Bill No. 1656 to allow the commissioners to receive up to \$70 per diem for each regular and special meeting attended, to a maximum of twelve meetings per year. The president shall be paid \$250 for each regular and special meeting attended, to a maximum of twelve meetings per year.

Schedule of Compensation Paid Board Members
For the Year Ended December 31, 2019

<u>BOARD MEMBER</u>	<u>PER DIEM AMOUNT</u>
Charles Broussard	\$ 770
Alexis Morrow, Jr.	840
Steven Jennings	840
Jerry Merchant	3,000
Haley Bellard	840
Total	<u>\$ 6,290</u>

Vinton Harbor and Terminal District
Vinton, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD

For the Year Ended December 31, 2019

Agency Head Name: Jerry Merchant

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 0
Benefits	0
Meals	248
Mileage reimbursement	2,366
Per Diem	3,000
Supplies	0
Travel	981
Other	0
	<u>\$ 6,595</u>



Langley, Williams & Company, L.L.C.

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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*

Board of Commissioners
Vinton Harbor and Terminal District
Vinton, 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 Vinton Harbor and Terminal District, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise of the District's basic financial statements and have issued our report thereon dated June 29, 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 to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. The deficiencies are identified as 19-01(IC).

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 one instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, 19-01(C).

Vinton Harbor and Terminal District Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District'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 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.

This report is intended solely for the information and use of the District, the District's management, the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties.

Joseph Williams, Co., P.C.

Lake Charles, Louisiana
June 29, 2020

VINTON HARBOR AND TERMINAL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2019

Section I - Summary of Audit Results

Financial Statements

Type of auditors' report issued	Unqualified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	Yes

Vinton Harbor and Terminal District
Vinton, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
For the Year Ended December 31, 2019

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
Current year (12/31/19)						
Internal Control:						
19- 01 (IC)	Unknown	Vinton Harbor and Terminal District did not have adequate segregation of duties within the accounting system.	No	The District's management has determined that is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible. No plan is considered necessary.	Mary Vice	NA
Compliance:						
19-01 (C)	2019	For the year ending December 31, 2019, budgeted revenues exceeded actual revenues by more than 5%. State law requires that actual revenues fall within 5% of budget	Yes	Monitor budget process carefully to account for the differences between actual revenues and budgeted revenues.	Mary Vice	6/24/2020
Prior year (12/31/18)						
Internal Control:						
18- 01 (IC)	Unknown	Vinton Harbor and Terminal District did not have adequate segregation of duties within the accounting system.	No	The District's management has determined that is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible. No plan is considered necessary.	Mary Vice	NA
18- 02 (IC)	2008	Vinton Harbor and Terminal District does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including related notes.	Yes	The District's management has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with (GAAP) and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the drafted financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Mary Vice	6/30/2019
18-03 (IC)	2018	Cash receipts are not being deposited on a timely basis.	Yes	The District's management has implemented a policy that all money received will be deposited within three business days	Mary Vice	5/14/2019
Compliance:						
There were no matters involving compliance to be reported.						



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Vinton Harbor and Terminal District
Lake Charles, Louisiana

We have performed the procedures enumerated below, which were agreed to by Vinton Harbor and Terminal District ("VTHD") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period from January 1, 2019 through December 31, 2019. The Entity'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 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):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. 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).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

We obtained a copy of the District's written policies and procedures to ascertain that they addressed each of the categories and subcategories listed above.

Exception: Per our inspection of the policies and procedures of the District, we noted that the District did have written policies and procedures but they were missing some of the subcategories listed under the main categories listed above. Also noted was that the District did not have any policies or procedures regarding "Receipts/Collections", "Payroll/Personnel", "Debt Service" and "Disaster Recovery/Business Continuity".

Management's response: Management is in the process of updating their policies and procedures to address the above exceptions.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The board met on a monthly basis for the fiscal period with a quorum in attendance at all meetings.

- 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.

There were no exceptions noted as a result of applying this procedure.

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

Per the prior year audit report the unrestricted fund balance in the general fund did not have a negative ending balance; therefore, this procedure is not applicable.

Bank Reconciliations

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

We obtained a list of bank accounts from management and management's representation that the list was complete. Once obtained, we randomly selected the month of March for closed accounts during the year and June for all other accounts for testing.

- 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);

There were no exceptions noted as a result of applying this procedure.

- 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

There were no exceptions noted as a result of applying this procedure.

- 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.

There were no exceptions noted as a result of applying this procedure.

Collections

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

Obtained a listing of all deposit sites for the fiscal period and management's representation that the listing is complete.

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

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

Each employee responsible for cash collections does not share cash drawers/registers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Exception: The person responsible for collecting cash is responsible for preparing/making bank deposits, posting collection entries to the general ledger and reconciling cash collections to the general ledger.

Management's response: Management has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible and the board reviews all financial documents at their monthly board meetings.

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

All employees who have access to cash are bonded.

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

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

The entity only receives money from ad valorem taxes and other periodic payments; therefore, they will not have a system in place to issue sequentially pre-numbered receipts thus making this procedure not applicable.

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

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying 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).

Exception: Of the items tested, LWC noted one exception in regards to one deposit not having documentation of when it was received to determine if the deposit was made timely. All other deposits were made within one day of receipt.

Management’s response: Management implemented a formal written procedure during the year to correct this exception.

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

There were no exceptions noted as a result of applying 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).

Per discussion with management, LWC noted only one location processes payments for the fiscal period.

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

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

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying 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.

Exception: LWC noted the employee responsible for processing payments is responsible for adding or modifying vendor files without a periodic review of those files.

Management's response: Management has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible and the board reviews all financial documents at their monthly board meetings.

- 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.

Exception: LWC noted the employee responsible for processing payments is responsible for mailing the payments.

Management's response: Management has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible and the board reviews all financial documents at their monthly board meetings.

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

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

There were no exceptions noted as a result of applying 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.

There were no exceptions noted as a result of applying this procedure.

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.

Per inquiry with management and review of general ledger, there were no credit card transactions in current year making this procedure not applicable.

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

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, 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.]
- b) Observe that finance charges and late fees were not assessed on the selected statements.

Per inquiry with management and review of general ledger, there were no credit card transactions in current year making this procedure not applicable.

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).

Per inquiry with management and review of general ledger, there were no credit card transactions in current year making this procedure not applicable.

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

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

Obtained a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing is complete.

- 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).

None of the expenses were reimbursed using a per diem; therefore, this procedure is 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.

There were no exceptions noted as a result of applying this procedure.

- 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).

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *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:

We obtained an active vendor list from management and management's representation that the listing is complete.

- 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.

None of the selected contracts were subject to the Louisiana Public Bid Law; therefore, this procedure is 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).

There were no exceptions noted as a result of applying this procedure.

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

There were no amendments during the fiscal period.

- 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.

There were no exceptions noted as a result of applying this procedure.

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

We obtained a listing of all employees during the fiscal period and management's representation that the listing is complete.

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.)

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

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

The entity does not have paid leave; therefore, this procedure is not applicable.

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' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

There were no terminated employees during the fiscal period thus making this procedure not applicable.

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.

There were no exceptions noted as a result of applying this procedure.

Ethics

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.

Exception: LWC noted two of the five employees did not have documentation showing that they completed their one hour of ethics training for 2019.

Management's response: Management will

- 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.

There were no exceptions noted as a result of applying this procedure.

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.

No debt was issued during the fiscal period. Therefore, this procedure is not applicable.

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.

There were no exceptions noted as a result of applying this procedure.

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.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

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.

The VTHD has posted on its premises the notice required by R.S. 24:523.1.

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 LLA as a public document.

Langley, Williams & Co., LLC

Langley, Williams & Co. LLC
Lake Charles, Louisiana
June 29, 2020