

MADISON PORT COMMISSION
Tallulah, Louisiana

Annual Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 2018
With Supplemental Information Schedules

MADISON PORT COMMISSION
Tallulah, Louisiana

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Practice Limited to
Governmental Accounting,
Auditing and
Financial Reporting

Independent Auditor's Report

MADISON PORT COMMISSION
Tallulah, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and the major fund of the Madison Parish Port Commission, a component unit of the Madison Parish Police Jury, as of December 31, 2018, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Madison Parish Port Commission'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 Madison Parish Port Commission's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

MADISON PARISH PORT COMMISSION
Tallulah, Louisiana
Independent Auditor's Report,
December 31, 2018

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities and major fund information of the Madison Parish Port Commission as of December 31, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Madison Parish Port Commission's basic financial statements. The accompanying schedule of compensation, benefits and other payments to agency head on page 40 is presented for the purpose of additional analysis and is not a required part of the financial statements.

This schedule 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 financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of compensation, benefits and other payments is fairly stated, in all material respects, in relation to the basic financial statements.

MADISON PARISH PORT COMMISSION

Tallulah, Louisiana

Independent Auditor's Report,

December 31, 2018

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated June 18, 2019, on my consideration of the Madison Parish Port Commissions's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Madison Parish Port Commissions's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, I have issued a report, dated June 18, 2019, on the results of my statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.



West Monroe, Louisiana

June 18, 2019

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

MADISON PORT COMMISSION
Tallulah, Louisiana

Management's Discussion and Analysis
December 31, 2018

As management of the Madison Port Commission, we offer readers of the Madison Port Commission's financial statements this narrative overview and analysis of the financial activities of the Madison Port Commission for the year ended December 31, 2018. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the Port commission's basic financial statements. The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Government-wide Financial Statements) provide information about the financial activities as a whole and illustrate a longer-term view of the Madison Port Commission's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund (Fund Financial Statements) tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-Wide Financial Statements by providing information about the most significant funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

Our auditor has provided assurance in her independent auditor's report that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

The Madison Port Commission adopts an annual appropriated budget for the general fund. The port did not adopt a budget for the construction fund. A budgetary comparison statement is provided for the major funds to demonstrate compliance with this budget.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Madison Port Commission's performance.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Madison Port Commission exceeded liabilities by \$9,619,247. Approximately 81% of the Madison Port Commission's net position reflects its

investment in capital assets (e.g., equipment), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending.

The balance in unrestricted net position is affected by two factors: 1) resources expended, over time, by the Madison Port Commission to acquire capital assets from sources other than internally generated funds (i.e., debt), and 2) required depreciation on assets being included in the statement of net position.

STATEMENT OF NET POSITION

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$1,940,845	\$2,110,137
Receivables	287,895	320,021
Capital assets (not depreciated)	3,964,306	3,921,437
Capital assets (net of accumulated depreciation)	<u>3,851,399</u>	<u>3,727,109</u>
TOTAL ASSETS	<u>10,044,445</u>	<u>10,078,704</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	<u>64,490</u>	<u>182,813</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$10,108,935</u></u>	<u><u>\$10,261,517</u></u>
LIABILITIES		
Accounts payable	\$34,651	\$45,651
Payroll payable	4,923	4,245
Payroll deducts payable	6,487	4,534
Compensated absences payable	14,078	8,500
Net pension liability	<u>423,654</u>	<u>412,616</u>
TOTAL LIABILITIES	<u>483,793</u>	<u>475,546</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related	5,895	76,385
NET POSITION		
Invested in capital assets, net of related debt	7,815,705	7,648,546
Unrestricted	<u>1,803,542</u>	<u>2,061,040</u>
TOTAL NET POSITION	<u>9,619,247</u>	<u>9,709,586</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$10,108,935</u></u>	<u><u>\$10,261,517</u></u>

STATEMENT OF ACTIVITIES

	<u>2018</u>	<u>2017</u>
Taxation:		
Personal services	\$245,341	\$251,568
Operating services	325,024	333,931
Materials and supplies	7,078	7,963
Travel and other charges	14,140	31,149
Intergovernmental	9,314	9,681
Depreciation expense	<u>280,807</u>	<u>308,899</u>
Total Program Expenses	881,704	943,191
Program revenues - Leases	<u>287,473</u>	<u>279,266</u>
Net Program Expenses	(594,231)	(663,925)
General revenues:		
Taxes - ad valorem	293,998	306,926

Intergovernmental:		
Federal revenue	\$197,871	\$211,603
State revenue sharing	10,353	77,296
Interest earned	9,293	5,865
Other revenue	3,169	2,317
Total General Revenues	<u>514,684</u>	<u>604,007</u>
Change in Net Position	(79,547)	(59,918)
Net Position - Beginning of year as restated	<u>9,698,794</u>	<u>9,769,504</u>
Net Position - End of year	<u>\$9,619,247</u>	<u>\$9,709,586</u>

Financial Analysis of the Government's Funds

As noted earlier, the Madison Port Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2018, the General Fund unreserved, undesignated fund balance of \$2,052,152 showed a decrease of \$193,179 over December 31, 2017. As of December 31, 2018, the Construction Fund unreserved, undesignated fund balance of \$130,527 showed an increase of \$130 over December 31, 2017.

General Fund Budgetary Highlights

The difference in expenditures were due to an increase in personal services and related benefits, operating services, materials and supplies and capital outlay. There were no differences in revenues.

Capital Asset and Debt Administration

Capital assets. The Madison Port Commission's investment in capital assets for its governmental activities as of December 31, 2018, amounts to \$7,815,705 (net of accumulated depreciation). This investment includes land, buildings, improvements, and furniture and equipment. There were increases of \$853,063 for the year and decreases of \$405,097 for the year. Deletions were a construction in progress completed.

Long-term debt. At the end of the fiscal year, Madison Port Commission had a net pension liability of \$423,654. The Madison Port Commission has compensated absences of \$14,078 at the end of the year.

Requests for Information

This financial report is designed to provide a general overview of the Madison Port Commission's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Madison Port Commission, P.O. Box 591, Tallulah, LA 71282.

BASIC FINANCIAL STATEMENTS

MADISON PORT COMMISSION
Tallulah, Louisiana

STATEMENT OF NET POSITION
December 31, 2018

ASSETS

Cash and cash equivalents	\$1,940,845
Receivables	287,895
Capital assets (not depreciated)	3,964,306
Capital assets (net of accumulated depreciation)	<u>3,851,399</u>
TOTAL ASSETS	<u>10,044,445</u>

DEFERRED OUTFLOW OF RESOURCES

Pension related	<u>64,490</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u><u>\$10,108,935</u></u>

LIABILITIES

Accounts payable	\$34,651
Payroll payable	4,923
Payroll deducts payable	6,487
Compensated absences payable	14,078
Net pension liability	<u>423,654</u>
TOTAL LIABILITIES	483,793

DEFERRED INFLOWS OF RESOURCES

Pension related	5,895
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NET POSITION

Invested in capital assets, net of related debt	7,815,705
Unrestricted	<u>1,803,542</u>
TOTAL NET POSITION	<u>9,619,247</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$10,108,935</u></u>

The accompanying notes are an integral part of this statement.

MADISON PORT COMMISSION
Tallulah, Louisiana

STATEMENT OF ACTIVITIES
December 31, 2018

Taxation:	
Personal services	\$245,341
Operating services	325,024
Materials and supplies	7,078
Travel and other charges	14,140
Intergovernmental	9,314
Depreciation expense	280,807
Total Program Expenses	<u>881,704</u>
Program revenues - Leases	<u>287,473</u>
Net Program Expenses	(594,231)
General revenues:	
Taxes - ad valorem	293,998
Intergovernmental:	
Federal grants	197,871
State grants	10,353
Interest earned	9,293
Other revenues	3,169
Total General Revenues	<u>514,684</u>
Change in Net Position	(79,547)
Net Position - Beginning of year - as restated	<u>9,698,794</u>
Net Position - End of year	<u><u>\$9,619,247</u></u>

The accompanying notes are an integral part of this statement.

MADISON PORT COMMISSION
Tallulah, Louisiana
GOVERNMENTAL FUNDS

Balance Sheet, December 31, 2018

	MAJOR FUND	NON MAJOR FUND	
	GENERAL FUND	CONSTRUCTION FUND	TOTAL
ASSETS			
Cash and cash equivalents	\$1,810,318	\$130,527	\$1,940,845
Receivables	287,895		287,895
TOTAL ASSETS	<u>\$2,098,213</u>	<u>\$130,527</u>	<u>\$2,228,740</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$34,651		\$34,651
Payroll payable	4,923		4,923
Payroll deducts payable	6,487		6,487
TOTAL LIABILITIES	46,061	NONE	46,061
Fund Equity - fund balances:			
Restricted - capital improvements		\$130,527	130,527
Unassigned	2,052,152		2,052,152
TOTAL FUND EQUITY	<u>2,052,152</u>	<u>130,527</u>	<u>2,182,679</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$2,098,213</u>	<u>\$130,527</u>	<u>\$2,228,740</u>

The accompanying notes are an integral part of this statement.

MADISON PORT COMMISSION
Tallulah, Louisiana

Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position

For the Year Ended December 31, 2018

Total Fund Balances at December 31, 2018 - Governmental Funds (Statement C)		<u>\$2,182,679</u>
Deferred outflows of resources		64,490
Cost of capital assets at December 31, 2018	\$13,784,085	
Less: Accumulated depreciation as of December 31, 2018	<u>(5,968,380)</u>	7,815,705
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable		(14,078)
Net pension liability		(423,654)
Deferred inflows of resources		<u>(5,895)</u>
Net Position at December 31, 2018 (Statement A)		<u>\$9,619,247</u>

The accompanying notes are an integral part of this statement.

MADISON PORT COMMISSION
Tallulah, Louisiana
GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures,
and Changes in Fund Balances

For the Year Ended December 31, 2018

	MAJOR FUND	NON MAJOR FUND	
	GENERAL FUND	CONSTRUCTION FUND	TOTAL
REVENUES			
Taxes - ad valorem	\$293,998		\$293,998
Intergovernmental revenues:			
Federal	197,871		197,871
State	10,353		10,353
Other revenues	3,169		3,169
Use of money and property:			
Leases	287,473		287,473
Interest earned	9,163	\$130	9,293
Total revenues	<u>802,027</u>	<u>130</u>	<u>802,157</u>
EXPENDITURES			
Transportation:			
Current:			
Personal services	191,684		191,684
Operating services	325,024		325,024
Materials and supplies	7,078		7,078
Travel and other charges	14,140		14,140
Capital outlay	447,966		447,966
Intergovernmental	9,314		9,314
Total expenditures	<u>995,206</u>	<u>NONE</u>	<u>995,206</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(193,179)	130	(193,049)
FUND BALANCES AT BEGINNING OF YEAR	<u>2,245,331</u>	<u>130,397</u>	<u>2,375,728</u>
FUND BALANCES AT END OF YEAR	<u>\$2,052,152</u>	<u>\$130,527</u>	<u>\$2,182,679</u>

The accompanying notes are an integral part of this statement.

MADISON PORT COMMISSION
Tallulah, Louisiana

Reconciliation of Governmental Funds
Statement of Revenue, Expenditures, and Changes
in Fund Balances to the Statement of Activities

For the Year Ended December 31, 2018

Total net change in fund balances - governmental funds (Statement D)	(\$193,049)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation for the period.	167,159
In the Statement of Activities, certain operating expenses - compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(5,578)
Pension expense	<u>(48,079)</u>
Change in net position of governmental activities (Statement B)	<u><u>(\$79,547)</u></u>

The accompanying notes are an integral part of this statement.

MADISON PORT COMMISSION
Tallulah, Louisiana

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Madison Parish Port Commission was created by Act 369 of the 1966 Session of the Louisiana Legislature as the governing authority of the Madison Parish Port, Harbor, and Terminal District. The board of commissioners consist of seven members who serve four-year staggered terms; six appointed by the Madison Parish Police Jury, and one elected by the six appointed members. Commissioners serve without compensation.

The accompanying financial statements of the Madison Port Commission have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments.

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Madison Parish Police Jury is the financial reporting entity for Madison Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Madison Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the police jury to impose its will on that organization and/or

MADISON PORT COMMISSION
Tallulah, Louisiana
Notes to the Financial Statements (Continued)

- b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints the port commission's governing body, the port commission was determined to be a component unit of the Madison Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds of the port commission and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**B. BASIC FINANCIAL STATEMENTS-
GOVERNMENT-WIDE STATEMENTS**

The port commission's basic financial statements include both government-wide (reporting the port commission as a whole) and fund financial statements (reporting the port commission's major fund). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the port commission are classified as governmental.

The Statement of Net Position (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the port commission.

In the Statement of Net Position, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net position are reported in three parts; invested in capital assets, net of any related debt; restricted net position; and unrestricted net position. The port commission first uses restricted resources to finance qualifying activities.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized

MADISON PORT COMMISSION

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

when the exchange occurs (regardless of when cash is received or disbursed). 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*.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the port commission's taxpayers or citizenry. Program revenues reduce the cost of the function to be financed from the port commission's general revenues.

Allocation of Indirect Expenses - The port commission reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Depreciation on buildings is assigned to the "general administration" function due to the fact that buildings serve multiple purposes. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the port commission are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Fund financial statements report detailed information about the port commission. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term debt) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to

MADISON PORT COMMISSION

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The port commission's current operations require only the use of governmental funds (General Fund). Revenues of the General Fund include ad valorem taxes, state revenue sharing, fees, fines and forfeitures, and interest earnings. General operating expenditures are paid from this fund.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds and the fiduciary type agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The port commission considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund

MADISON PORT COMMISSION

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, attach as an enforceable lien, and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

Fees, fines, and forfeitures are recorded when the port commission is entitled to the funds.

Interest income on time deposits is recorded when the time deposits have matured and the interest is available.

Interest income on demand deposits is recorded monthly when the interest is earned and credited to the account.

Based on the above criteria, ad valorem taxes, state revenue sharing, and fees, fines, and forfeitures have been treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt, which is recognized when due.

E. CASH AND CASH EQUIVALENTS

Under state law, the port commission may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

MADISON PORT COMMISSION
 Tallulah, Louisiana
 Notes to the Financial Statements (Continued)

At December 31, 2018, the port commission has cash and cash equivalents (book balances) totaling \$1,940,845.

Demand deposits	\$712,442
Time deposits	<u>1,228,403</u>
Total	<u>\$1,940,845</u>

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, the 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 or exceed 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. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Port that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Port's name. The Port does not have a policy concerning custodial risk.

Cash and cash equivalents (bank balances) at December 31, 2018, are secured as follows:

Bank balances	<u>\$2,279,839</u>
Federal deposit insurance	\$500,000
Pledged securities (uncollateralized)	<u>2,163,286</u>
Total	<u>\$2,663,286</u>

F. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

Capital assets are reported in the government-wide financial statements but not in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the port commission, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

MADISON PORT COMMISSION
 Tallulah, Louisiana
 Notes to the Financial Statements (Continued)

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	20 - 40 years
Furniture and fixtures	5 - 10 years
Vehicles	5 - 15 years
Equipment	5 - 20 years

G. ANNUAL AND SICK LEAVE

Employees of the port commission earn twelve to twenty-four days of vacation and sick leave, based on number of years of employment per year. Vacation leave may be accrued and upon separation or retirement the employee will be paid up to 38 days (300 hours). Sick leave may be accrued, but upon separation or termination the employee is not compensated for any accrued sick time.

At December 31, 2018, the maximum amount of accumulated and vested employee leave benefits is \$14,078 and is reflected in the financial statements. The cost of leave privileges is recognized as a current year expenditure when leave is actually taken or when employees are paid for accrued leave, annual only, upon separation.

H. RISK MANAGEMENT

The port commission is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the port commission maintains a commercial insurance policy covering property, general liability, employee fidelity, and workmen's compensation. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2018.

I. PENSION PLANS

The Madison Port Commission's Office is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 5. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this

MADISON PORT COMMISSION

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

J. EQUITY CLASSIFICATIONS

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

- a. Net investment in capital assets - 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 borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund financial statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable - represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted - represents balances where constraints have been established by parties outside the Port or imposed by law through constitutional provisions or enabling legislation.

MADISON PORT COMMISSION

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

Committed - represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Port's highest level of decision-making authority.

Assigned - represents balances that are constrained by the government's intent to be used for specific purposes, but are not restricted nor committed.

Unassigned - represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

The General Fund has an unassigned fund balance of \$2,052,152. If applicable, the Port would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

K. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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.

L. CURRENT YEAR ADOPTION OF NEW ACCOUNTING STANDARDS AND RESTATEMENT OF NET POSITION

As of July 1, 2014, the Port implemented Governmental Accounting Standards Board (GASB) Statement 68 *Accounting and Financial Reporting for Pensions-Amendment of GASB Statement 27*, which resulted in a cumulative change in accounting principle and also a restatement of net position.

Errors were made during the GASB 68 calculation in the prior year. The net effect of the restatement to correct this error will be to increase net position of the Port by \$10,792.

The net effect to the Government-Wide Statement of Net Position is as follows:

MADISON PORT COMMISSION
 Tallulah, Louisiana
 Notes to the Financial Statements (Continued)

Total Net Position, December 31, 2017, as previously stated	\$9,709,586
Net Change in OPEB & Net Pension Liability at December 31, 2018	<u>(10,792)</u>
Total Net Position, December 31, 2018, Restated	<u>\$9,698,794</u>

2. LEVIED TAXES

The ad valorem tax millage levied by the port commission was 2.81 mills for the year ended December 31, 2018. The authorized millage for the year ended December 31, 2018, was 3.0 mills. The difference between authorized and levied millages is the result of reassessments of taxable property within the parish as required by Article 7, Section 18 of the Louisiana Constitution of 1974. The following are the principal taxpayers for the parish and their 2018 assessed valuation (amounts expressed in thousands):

	2018 Assessed Valuation	Percent of Total
Southeast Supply Header	\$19,307	16.72%
Gulf South Pipeline Company, LP	17,010	14.73%
Gulf Crossing Pipeline, LLC	9,499	8.23%
Midcontinent Express Pipeline, LLC	7,274	6.30%
Denbury Gulf Coast Pipeline	3,398	2.94%
Entergy Louisiana, LLC	2,720	2.36%
Complex Chemicals Co., Inc	2,637	2.28%
Columbia Gulf Transmission	1,614	1.40%
Lubrizol	1,321	1.14%
Kansas City Southern Railroad	1,249	1.08%
Total	<u>\$66,029</u>	<u>57.18%</u>

3. RECEIVABLES

The General Fund receivables of \$287,895 at December 31, 2018, are as follows:

<u>Class of receivables:</u>	<u>General Fund</u>
Taxes - ad valorem	\$277,543
State revenue sharing (net)	10,352
Total	<u>\$287,895</u>

MADISON PORT COMMISSION
Tallulah, Louisiana
Notes to the Financial Statements (Continued)

4. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2018, follows:

	Balance at January 1,	Additions	Deletions	Balance at December 31,
Land	\$3,921,437			\$3,921,437
Construction in progress	NONE	\$447,966	(\$405,097)	42,869
Buildings	4,113,521			4,113,521
Improvements	5,096,090	405,097		5,501,187
Heavy equipment	130,362			130,362
Office equipment	30,462			30,462
Vehicles	44,247			44,247
Total	<u>13,336,119</u>	<u>853,063</u>	<u>(405,097)</u>	<u>13,784,085</u>
Less accumulated depreciation	<u>(5,687,573)</u>	<u>(280,807)</u>	<u>NONE</u>	<u>(5,968,380)</u>
Net capital assets	<u>\$7,648,546</u>	<u>\$572,256</u>	<u>(\$405,097)</u>	<u>\$7,815,705</u>

5. NOTE DISCLOSURES AND REQUIRED SUPPLEMENTARY INFORMATION FOR A COST-SHARING EMPLOYER

Summary of Significant Accounting Policies.

The Louisiana Employees' Retirement System prepares its employer pension schedules in accordance with Governmental Accounting Statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. GASB Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. It provides methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense and amortization periods for deferred inflows and deferred outflows.

The System's employer pension schedules were prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. The member's earnable compensation is attributed to the employer for which the member is employed as of June 30, 2018.

Plan Fiduciary Net Position

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues, and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

MADISON PORT COMMISSION

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

Plan Description.

The System was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of La. R.S. 11:401, as amended for eligible state officers, employees and their beneficiaries. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Pensions

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana State Employees' Retirement System (LASERS) and additions to/deductions from LASERS' fiduciary net position have been determined on the same basis as they are reported by LASERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan Description

Employees of the Madison Parish Port Commission are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at www.lasersonline.org.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement Benefits

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Our rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006

MADISON PORT COMMISSION

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

Members of the Harbor Police Retirement System who were members prior to July 1, 2014, may retire after 25 years of creditable service at any age, 12 years of creditable service at age 55, 20 years of creditable service at age 45, and 10 years of creditable service at age 60. Average compensation for the plan is the member's average annual earned compensation for the highest 36 consecutive months of employment, with a 3.33% accrual rate.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

Deferred Retirement Benefits

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than

MADISON PORT COMMISSION

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

For members who are in the Harbor Police Plan, the annual DROP Interest Rate is the three-year average (calculated as the compound average of 36 months) investment return of the plan assets for the period ending the June 30th immediately preceding that given date. The average rate so determined is to be reduced by a "contingency" adjustment of 0.5%, but not to below zero. DROP interest is forfeited if member does not cease employment after DROP participation.

Disability Benefits

Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

Members of the Harbor Police Retirement System who become disabled may receive a non-line of duty disability benefit after five years or more of credited service. Members age 55 or older may receive a disability benefit equivalent to the regular retirement benefit. Under age 55, the disability benefit is equal to 40% of final average compensation. Line of duty disability benefits are equal to 60% of final average compensation, regardless of years of credited service. If the disability benefit retiree is permanently confined to a wheelchair, or, is an amputee incapable of serving as a law enforcement officer, or the benefit is permanently legally binding, there is no reduction to the benefit if the retiree becomes gainfully employed.

Survivor's Benefits

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned

MADISON PORT COMMISSION

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

Non-line of duty survivor benefits of the Harbor Police Retirement System may be received after a minimum of five years of credited service. Survivor benefits paid to a surviving spouse without children are equal to 40% of final average compensation, and cease upon remarriage. Surviving spouse with children under 18 benefits are equal to 60% of final average compensation, and cease upon remarriage, and children turning 18. No minimum service credit is required for line of duty survivor benefits which are equal to 60% of final average compensation to surviving spouse, regardless of children. Line of duty survivor benefits cease upon remarriage, and then benefit is paid to children under 18.

Permanent Benefit Increases/Cost-of-Living Adjustments

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Contributions

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers.

The agency's contractually required composite contribution rate for the year ended June 30, 2018 was 39% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Port Commission were \$45,906 for the year ended December, 31, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December, 31, 2018, the Port Commission reported a liability of \$423,654 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Port Commission's proportion of the Net Pension Liability was based on a projection of the Port Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December, 31, 2018, the Port

MADISON PORT COMMISSION

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

Commission's proportion was 0.00621%, which was an increase of 0.0004% from its proportion measured as of December, 31, 2017.

For the year ended December, 31, 2018, the Port Commission recognized pension expense of \$34,586 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$36,616.

At December, 31, 2018, the Port Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$4,751
Changes in assumptions	\$4,311	
Net difference between projected and actual earnings on pension plan	5,493	
Changes in employer's proportion of beginning NPL	31,563	
Differences between employer and proportionate share of contributions		1,144
Subsequent measurement contributions	23,123	
Total	\$64,490	\$5,895

\$23,123 reported as deferred outflows of resources related to pensions resulting from Port Commission contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2018	\$34,664
2019	12,712
2020	(10,353)
2021	(1,551)

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

MADISON PORT COMMISSION

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

Inflation	2.75%
Salary increases	Range of 2.8% to 14.3%
Investment rate of return	7.65%, net of investment expense

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. Mortality rates based on the RP-2000 Disabled Retiree Mortality Table was selected for disabled annuitants with no projection for mortality improvement.

The discounted rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the systems actuary. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Sensitivity of the Commissions’ proportionate share of the net pension liability to changes in the discount rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 7.65%, as well as what the employers’ net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate.

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Commissions’ proportionate share of the net pension liability	\$534,679	\$423,654	\$328,034

MADISON PORT COMMISSION
Tallulah, Louisiana
Notes to the Financial Statements (Continued)

**6. CHANGES IN GENERAL LONG-TERM OBLIGATIONS -
COMPENSATED ABSENCES PAYABLE**

Long-term obligations at January 1, 2018	\$8,500
Additions	6,936
Deletions	(2,196)
Adjustments ¹	<u>838</u>
Long-term obligations at December 31, 2018	<u>\$14,078</u>

¹As discussed in note 1G, upon separation from employment, employees are paid for accumulated leave at their current rate of pay. The adjustment is for the purpose of adjusting amounts for annual leave resulting from the differences between beginning and ending rates of pay.

7. LITIGATION AND CLAIMS

The Madison Port Commission is not involved in any litigation at December 31, 2018, nor is it aware of any unasserted claims.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

MADISON PORT COMMISSION

Tallulah, Louisiana

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the Year Ended December 31, 2018

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Taxes - ad valorem	\$290,000	\$290,000	\$293,998	\$3,998
Intergovernmental revenues:				
Federal grants	184,000	184,000	197,871	13,871
State grants	10,000	10,000	10,353	353
Other revenues			3,169	3,169
Use of money and property:				
Leases	240,000	240,000	287,473	47,473
Interest earnings	4,000	4,000	9,163	5,163
Total revenues	<u>728,000</u>	<u>728,000</u>	<u>802,027</u>	<u>74,027</u>
EXPENDITURES				
Culture and recreation:				
Current				
Personal services and related benefits	201,600	226,600	191,684	34,916
Operating services	339,000	427,000	325,024	101,976
Materials and supplies	10,200	11,200	7,078	4,122
Travel and other charges	30,000	30,000	14,140	15,860
Capital outlay	75,000	575,000	447,966	127,034
Intergovernmental			9,314	(9,314)
Total expenditures	<u>655,800</u>	<u>1,269,800</u>	<u>995,206</u>	<u>274,594</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	72,200	(541,800)	(193,179)	348,621
FUND BALANCE AT BEGINNING OF YEAR	<u>2,791,158</u>	<u>2,791,158</u>	<u>2,245,331</u>	<u>(545,827)</u>
FUND BALANCE AT END OF YEAR	<u>\$2,863,358</u>	<u>\$2,249,358</u>	<u>\$2,052,152</u>	<u>(\$197,206)</u>

See accompanying note to budgetary comparison schedule.

MADISON PORT COMMISSION
Tallulah, Louisiana

NOTE TO BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2018

A proposed budget, prepared on the modified accrual basis of accounting, is published in the official journal at least ten days prior to the public hearing. A public hearing is held at the Madison Port Commission during the month of December for comments from taxpayers. The budget is then legally adopted by the board and amended during the year, as necessary. The budget is established and controlled by the board at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying budgetary comparison schedule include the original adopted budget amounts and amendments.

Madison Parish Port Commission
Schedule of Employer's Share of Net Pension Liability
December 31, 2018

Fiscal Year *	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.00455%	\$309,605	\$86,374	358.00%	62.70%
2016	0.00520%	\$407,940	\$94,643	431.00%	57.70%
2017	0.00586%	\$412,616	\$105,722	390.00%	62.50%
2018	0.00621%	\$423,654	\$117,353	361.00%	62.50%

* - Amounts presented wer determined as of the measurement date (previous fiscal year end.)

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Madison Parish Port Commission
Schedule of Employer Contributions
December 31, 2018**

Fiscal Year *	Contractually Required Contribution	Contributions in Relations to Contractual Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2015	\$31,958	\$31,958	\$0	\$86,374	37.00%
2016	\$35,200	\$35,200	\$0	\$94,643	37.20%
2017	\$37,848	\$37,848	\$0	\$105,722	35.80%
2018	\$44,477	\$44,477	\$0	\$117,353	37.90%

* - Amounts presented were determined as of the end of the fiscal year.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

MADISON PARISH PORT COMMISSION
Tallulah, LouisianaSchedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended December 31, 2018

PATRICK MURPHY, PORT DIRECTOR

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$74,168
Benefits-retirement	28,110
Benefits-insurance	921
Housing and lodging	3,765
Per Diem	1,112
Reimbursements - mileage	1,735
Registration fees	1,907
Meals	400
Cellphone	2,316
Membership dues	250

**REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
PART IV**

**Independent Auditor's Reports on Compliance with
Laws, Regulations, Contracts, and Grants,
and Internal Control**

The following independent Auditor's reports on compliance with laws, regulations, contracts, and grants and internal control are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States; the U. S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the *Single Audit Act Amendments of 1996*; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

Member:
American Institute of
Certified Public Accountants
Society of Louisiana Certified
Public Accountants

MARY JO FINLEY, CPA, INC.
A PROFESSIONAL ACCOUNTING CORPORATION
116 Professional Drive - West Monroe, LA 71291
Phone (318) 329-8880 - Fax (318) 239-8883

Practice Limited to
Governmental Accounting,
Auditing and
Financial Reporting

**Independent Auditors Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

MADISON PARISH PORT COMMISSION
Tallulah, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Madison Parish Port Commission, a component unit of the Madison Parish Police Jury, as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the Madison Parish Port Commission's basic financial statements, and have issued my report thereon dated June 18, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Madison Parish Port 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Madison Parish Port Commission's internal control. Accordingly, I do not express an opinion on the effectiveness of the Madison Parish Port Commission's internal control.

A *deficiency in internal control* exist 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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001, that I consider to be a significant deficiency.

MADISON PARISH PORT COMMISSION
Tallulah, Louisiana
Independent Auditor's Report on Compliance
And Internal Control Over Financial Reporting, etc.
December 31, 2018

Compliance and Other Matters

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

Madison Parish Port Commissions's Response to Findings

Madison Parish Port Commissions's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. Madison Parish Port Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Madison Parish Port Commission'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 Madison Parish Port Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



West Monroe, Louisiana
June 18, 2019

MADISON PORT COMMISSION
Tallulah, Louisiana
Schedule of Findings and Responses
For the Year Ended December 31, 2018

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the general purpose financial statements of the Madison Port Commission.
2. No instances of noncompliance material to the financial statements of the Madison Port Commission was disclosed during the audit.
3. One significant deficiency relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

2018-001 Ethics Training Not Documented

Criteria: Louisiana Revised Statute 42:1170(A)(3)(a)(i) states, "Commencing on January 1, 2012, each public servant who was not required to complete education and training pursuant to Paragraph (1) of (2) of this Subsection shall receive a minimum of one hour of education and training on the Code of Governmental Ethics during each year of his public employment or term of office, as the case may be."

Condition: I selected 2 employees and 3 board members for testing. I noted that none of the employees or board members had completed the ethics training.

Cause of Condition: Internal control procedures have not been designed and implemented to ensure that employees and board members are in compliance.

Effect of Condition: The statutes include the following regarding penalties for noncompliance:

- 1) The Board of Ethics shall keep records of the compliance with the requirements of this Section by each registered lobbyist and public servant and by state agencies.
- 2) If the board discovers that a public servant or lobbyist has failed to complete the training required by this Section, the board shall mail by certified mail a notice of noncompliance informing the person that the training required by this Section shall be completed within forty-five business days from the mailing of the notice of noncompliance. The notice of noncompliance shall include the deadline for completion of the training required by this Section. If the person completes the training prior to the deadline contained in the notice of noncompliance, no penalties shall be assessed against the person.

Recommendation: I recommend that management design and implement procedures to ensure compliance with the requirements.

Response: Management states that they will complete the required ethics training.

MADISON PORT COMMISSION
Tallulah, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2018

2017-001 Need to Comply With Budget Act

Finding: The port did not comply with the Local Government Budget Act. LSA-R.S. 39:1310-1311 requires, among other things, that the port amend its budget when actual revenues and other sources to date plus projected amounts to year-end are failing to meet budgeted amounts by five percent or more and/or when actual expenditures and other uses to date plus projected amounts to year-end are exceeding budgeted amounts by five percent or more. Actual expenditures of the general fund exceeded budgeted amounts by approximately 57%.

Recommendation: The port commission should familiarize itself with and comply with all the requirements of the Local Government Budget Act and amend the budget when required by law.

Status: This finding was corrected.

Madison Parish Port Commission

P.O. Box 591, Tallulah, LA 71284-0591 Phone (318)574-2181 Fax (318)574-2677

Email: madisonport@bayou.com

Terry Murphy
Executive Director

Kimmeke Epps
Secretary/Treasurer

Board of Directors:

Donald Frazier, Chairman
Charles Vining, Vice-Chairman
Jim Tucker
Robert Charles Brown

Isaiah Ross
Harold Allen
Latasha Griffin

June 11, 2019

Mr. Daryl G. Purpera, CPA, CFE
Legislative Auditor
1600 North Third Street
Baton Rouge, La. 70802

RE: Findings

Dear Mr. Purpera:

In response to the findings:

The employees of the Madison Parish Port Commission will take Ethics classes, and will remain current with the classes. The class is scheduled on October 1, 2019.

Sincerely,



Patrick Terry Murphy
Executive Director

Independent Accountant's Report
on Applying Agreed-Upon Procedures

Madison Parish Port Commission
PO Box 591
Tallulah, LA 71284

To the Madison Parish Port Commission's Office

I have performed the procedures enumerated below, which were agreed to by the management of the Madison Parish Port Commission and the Louisiana Legislative Auditor, State of Louisiana, on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. Management of Madison Parish Port Commission is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

AGREED-UPON PROCEDURES

WRITTEN POLICIES AND PROCEDURES

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - 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, including receiving, recording, and preparing deposits
- E. Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- F. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- G. Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- H. Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- I. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- J. Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

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

BOARD (OR FINANCE COMMITTEE, IF APPLICABLE)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - ▶ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The port commission meets monthly in accordance with the agency by-laws. The secretary/treasurer prepares the financial statements and presents budget to actual comparisons at each meeting. Non-budgetary financial information is also presented at meetings.

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:
 - A) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - B) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation(e.g., initialed and dated, electronically logged);
 - 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.

The agency provided me with a certified list of all bank accounts. October, 2018 was randomly selected to be tested. For the 4 bank accounts selected for testing it was determined that the bank reconciliations were performed by the secretary/treasurer and that the reconciliations were reviewed by the Port director. There was evidence that the reconciliations are performed within 60 days of the bank statement date. None of the 4 accounts selected to test had outstanding reconciling items over 12 months.

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).

Agency provided me with a certified list of deposit sites and I verified that it was 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.
- 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.

The agency has 1 collection location with no cash drawers at the port. The checks received are deposited when received. Bank reconciliations are prepared by the secretary/treasurer and reviewed by the director.

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

The port commission has surety bond coverage on all employees.

- 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 statement when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- A) Observe that receipts are sequentially pre-numbered.
- B) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip,
- C) Trace the deposit slip total to the actual deposit per the bank statement.
- D) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- E) Trace the actual deposit per the bank statement to the general ledger.

The port commission does not use pre-numbered receipts. Deposit documentation was traced to the supporting documentation for the deposits. The deposit slips selected were traced to the bank statement. The deposits were traced to the posting in the Quickbooks accounting software by the secretary/treasurer.

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).

Agency provided a complete list of locations that process payments and represented that the list was complete.

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 initialing a purchase request, approving a purchase, and placing an order/making the purchase.

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

C) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

D) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The port commission does not use a purchase order system or purchase requisitions. The secretary/treasurer initiates all purchases and the director approves all purchases. The secretary/treasurer adds all new vendors upon approval by the director. The director reviews and approves all invoices before checks are written. The secretary/treasurer initiates all checks and the director signs all checks. The secretary/treasurer mails all check payments.

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

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

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

All disbursements selected to be tested had the proper support documentation. The director reviews and approves all invoices before checks are written. The secretary/treasurer initiates the disbursement checks and the director signs all checks. The secretary/treasurer reconciles all bank statements and they are reviewed by the director.

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.

The agency provided me with a certified list of all active credit cards, fuel cards, etc.

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.

The director reviews and approves all credit card statements. The secretary/treasurer prepares the checks and the director signs all checks. For the cards tested, there were no interest charges on the credit card statement.

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).

All transactions tested had the proper documentation. The director and secretary/treasurer are the card holders and initiate all purchases. The director reviews and approves all purchases. No meal charges were noted during test period.

TRAVEL AND EXPENSE REIMBURSEMENT

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

The agency provided me with a certified list of travel or related expense reimbursements during the testing period and represented that the list was 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).
- B) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- C) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- D) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

The agency is using the established rate and that is being paid to the employees. Amounts tested for reimbursement at per diem rates had the proper documentation. It was noted the expenditures were for business purposes. All reimbursements were supported by proper documentation. No meal charges were tested. The director reviews and approves all travel reimbursements. The directors travel is approved by the board president.

CONTRACTS

15. The Madison Parish Port Commission had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.

PAYROLL AND PERSONNEL

16. The Madison Parish Port Commission had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.
17. The Madison Parish Port Commission had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.

18. The Madison Parish Port Commission had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.
19. The Madison Parish Port Commission had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.

ETHICS (EXCLUDING NONPROFITS)

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and:
 - A) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - 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.

Agency was unable to provide support for ethics training for the two employees and three board members randomly selected. Agency did not have written documentation to show that the employees have read the agency policy concerning the ethics policy.

DEBT SERVICE

21. The Madison Parish Port Commission had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.
22. The Madison Parish Port Commission had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.

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.

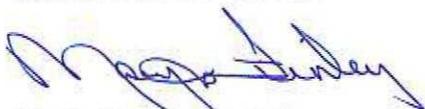
The port has no known misappropriation of funds during the test period.

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.

I observed the fraud hotline notice posted on the premises and a link on the website.

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

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



Mary Jo Finley, CPA
June 18, 2019

Madison Parish Port Commission

P.O. Box 591, Tallulah, LA 71284-0591 Phone (318)574-2181 Fax (318)574-2677

Email: madisonport@bayou.com

Terry Murphy
Executive Director

Kimmeke Epps
Secretary/Treasurer

Board of Directors:
Donald Frazier, Chairman
Charles Vining, Vice-Chairman
Jim Tucker
Robert Charles Brown

Isaiah Ross
Harold Allen
Latasha Griffin

June 11, 2019

Mr. Daryl G. Purpera, CPA, CFE
Legislative Auditor
1600 North Third Street
Baton Rouge, La. 70802

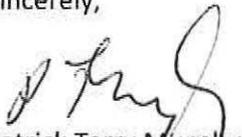
RE: Statewide Agreed-Upon Procedures

Dear Mr. Purpera:

In response to the question in the AUPs.

The employees of the Madison Parish Port Commission will take Ethics classes, and will remain current with the classes. The class is scheduled on October 1, 2019.

Sincerely,



Patrick Terry Murphy
Executive Director