

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

Franklin, Louisiana

Financial Report

Year Ended December 31, 2020

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the West St. Mary Parish Port, Harbor and Terminal District (hereinafter "District"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

The District has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2021 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
June 24, 2021

**BASIC FINANCIAL STATEMENTS**

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

Statement of Net Position  
December 31, 2020

ASSETS

Current assets:	
Cash and equivalents	\$ 5,395,240
Investments	7,466
Receivables:	
Ad valorem taxes	553,733
State revenue sharing	16,772
Leases	46,284
Water system customers	1,561
Prepaid expenses	<u>35,976</u>
Total current assets	<u>6,057,032</u>
Capital assets:	
Land and construction in progress	7,503,350
Depreciable assets, net of accumulated depreciation	<u>5,512,138</u>
Net capital assets	<u>13,015,488</u>
Total assets	<u>19,072,520</u>

LIABILITIES AND NET POSITION

Current liabilities:	
Accounts payable	9,450
Accrued expenses	36,809
Unearned revenues	<u>15,053</u>
Total current liabilities	<u>61,312</u>
Net position:	
Net investment in capital assets	13,015,488
Unrestricted	<u>5,995,720</u>
Total net position	<u>\$ 19,011,208</u>

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

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

Statement of Revenues, Expenses, and Changes in Net Position  
Year Ended December 31, 2020

Operating revenues:	
Rentals	\$ 293,907
Water system revenues	30,850
Total operating revenues	324,757
Operating expenses:	
Advertising and promotion	4,816
Auto expense	11,890
Contract labor	16,400
Depreciation	445,451
Dues and subscriptions	5,830
Employee retirement	13,995
Insurance	143,539
Miscellaneous	1,050
Office supplies and postage	23,657
Professional fees	36,389
Repairs and maintenance	
Industrial park	469
Office	528
Port site	81,033
Water treatment and distribution system	69,597
Rail	29,011
Salaries	149,645
Payroll taxes	11,501
Telephone	9,297
Travel	1,103
Utilities and internet	14,396
Total operating expenses	1,069,597
Operating loss	(744,840)
Non-operating revenues / (expenses)	
Intergovernmental	
Ad valorem taxes	605,930
Deductions from ad valorem taxes	(22,389)
Federal grants	80,356
State revenue sharing	25,491
Interest income	24,391
Net non-operating revenues/(expenses)	713,779
Change in net position	(31,061)
Net position, beginning	19,042,269
Net position, ending	\$ 19,011,208

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

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

Statement of Cash Flows  
Year Ended December 31, 2020

Cash Flows from Operating Activities	
Receipts from customers and users	\$ 291,704
Payments to suppliers	(450,406)
Payments to employees and related benefits	(191,978)
Net cash used by operating activities	<u>(350,680)</u>
Cash Flows from Noncapital Financing Activities	
Ad valorem taxes collected	610,388
State revenue sharing received	26,245
Federal and state grants received	250,383
Net cash provided by noncapital financing activities	<u>887,016</u>
Cash Flows from Capital and Related Financing Activities	
Purchases/Construction of capital assets	<u>(251,957)</u>
Cash Flows from Investing Activities	
Interest received on investments and interest-bearing deposits	<u>24,345</u>
Net increase in cash and cash equivalents	308,724
Cash and cash equivalents, beginning	<u>5,086,516</u>
Cash and cash equivalents, ending	<u>\$ 5,395,240</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating loss	\$ (744,840)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation expense	445,451
Changes in assets and liabilities:	
Accounts receivable	(33,053)
Prepaid expenses	(8,826)
Accounts payable	(20,678)
Accrued expenses	(3,121)
Unearned revenues	14,387
Net cash used by operating activities	<u>\$ (350,680)</u>

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

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

Notes to Financial Statements

INTRODUCTION

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

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Financial Reporting Entity

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

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

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

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

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

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

Notes to Financial Statements (continued)

B. Basis of Presentation

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

Fund Financial Statements

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

Proprietary Funds

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

Enterprise Funds

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

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

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

Notes to Financial Statements (continued)

Basis of Accounting

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

D. Assets, Liabilities and Equity

Cash and Cash Equivalents

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

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

Receivables

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

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

Prepaid Expenses

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

Capital Assets

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

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

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

Notes to Financial Statements (continued)

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

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

Unearned Revenue

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

Compensated Absences

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

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

An accrual is made for the amount of compensation employees will receive in the future based upon services performed in the current year for vacation time not used. The liability related to this accumulated vacation time totaled \$13,208 at December 31, 2020.

Equity Classifications

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

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

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

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

Notes to Financial Statements (continued)

E. Revenues and Expenses

Operating Revenues and Expenses

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

Revenues

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

Expenses

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

F. Use of Estimates

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

(2) Cash and Cash Equivalents

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2020, the District had cash and cash equivalents (book balances) totaling \$5,395,240. These deposits are stated at cost, which approximates market.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the District or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2020, deposit balances (bank balances) totaling \$5,397,954 were secured from risk by \$250,000 of federal deposit insurance and pledged securities with a market value of \$5,147,954.

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

Notes to Financial Statements (continued)

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered, or the District may not be able to recover collateral securities that are in the possession of an outside party. The District does not have a policy to monitor or reduce exposure to custodial credit risk. At December 31, 2020, deposits in the amount of \$5,147,954 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent but not the District's name.

(3) Investments

At December 31, 2020, the District's investments were as follows:

Description	Interest Rate	Market Value/ Carrying Amount	Cost
Louisiana Asset Management Pool	Various	\$ 7,466	\$ 7,466

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

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

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

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

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

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

Notes to Financial Statements (continued)

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

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

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

#### Fair Value Measurements

To the extent available, the District's investments are recorded at fair value as of December 31, 2020. GASB Statement No. 72, *Fair Value Measurements and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

#### (4) Receivables

The District records ad valorem taxes and state revenue sharing in the year the tax is due and payable. At December 31, 2020, ad valorem taxes and state revenue sharing receivables were \$553,733 and \$16,772 respectively. Also, lease rentals and water utility revenues are recorded when earned. Lease rentals and water utility revenues receivables at December 31, 2020 totaled \$46,284 and \$1,561, respectively.

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

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

Notes to Financial Statements (continued)

(5) Ad Valorem Taxes

The District's property tax is levied in October of each year on the assessed value of property within the District's taxing area. Taxes are due and payable by December 31. The taxes are delinquent after January 1, at which time an enforceable lien attaches to the property. The taxes are collected on behalf of the District by the St. Mary Parish Sheriff and then remitted to the District. The District receives the majority of its taxes in January and February. The tax rate for the year ended December 31, 2020 was 3.72 mills on the dollar of the assessed valuation of all taxable property in the present boundaries of the District.

(6) Capital Assets

The following is a summary of changes in fixed assets:

	Balance December 31, 2019	Additions	Deletions	Balance December 31, 2020
Capital assets not depreciated				
Land	\$ 7,336,323	\$ -	\$ -	\$ 7,336,323
Construction in progress	58,342	108,685	-	167,027
Other capital assets				
Buildings	4,662,906	-	-	4,662,906
Improvements	9,478,758	126,205	-	9,604,963
Water system	1,492,734	-	-	1,492,734
Furniture and fixtures	35,128	-	-	35,128
Equipment	202,668	17,068	-	219,736
Subtotal	23,266,859	251,958	-	23,518,817
Less: accumulated depreciation	(10,057,878)	(445,451)	-	(10,503,329)
Total	\$ 13,208,981	\$ (193,493)	\$ -	\$ 13,015,488

Depreciation expense related to the utilization of fixed assets for the year ended December 31, 2020, was \$445,451.

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

Notes to Financial Statements (continued)

(7) Leases

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

At December 31, 2020, the minimum future rentals on the District's leases are as follows:

2021	276,612
2022	167,071
2023	<u>5,124</u>
	<u>\$ 448,807</u>

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

(8) Compensation of Commissioners

The Commissioners of the District received no per diem, salaries, or wages for the year ended December 31, 2020 and are as follows:

William Terry, President  
Joseph Tabb, Vice President  
Lennel Paul, Secretary/Treasurer  
Sam Jones  
Donna Lanceslin  
Ralph Longman  
Willie Peters  
Joseph Phillips  
Murphy Pontiff

(9) Compensation and Other Payments to Executive Director

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. Payments to the District's executive director, David Allain, for the year ended December 31, 2020 are as follows:

Salary	\$ 88,760
Benefits - Insurance	11,749
Benefits - Retirement	8,884
Car allowance	10,200
Travel	<u>2,720</u>
Total	<u>\$ 122,313</u>

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

Notes to Financial Statements (continued)

(10) Retirement Plans

All employees of the District are covered under the Federal Insurance Contributions Act (Social Security). The District makes the required contributions to the fund and is not responsible for the benefits. Contributions to the Social Security retirement system for the year ended December 31, 2020 totaled \$11,501.

The District provides a Simplified Employee Pension plan for all eligible employees. The District has selected the pro rata allocation formula for contributions. Employer contributions made for a plan year on behalf of any participant shall not exceed the lesser of 100% of compensation or the limitation in effect under Code Section 415(c)(1)(A), which was \$57,000 for 2020.

The District contributed 10% of each eligible employee's salary for a total of \$13,995 during the year ended December 31, 2020.

(11) Risk Management

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

(12) Federal Grant Award

In July 2018, the District was awarded a \$1,300,000 grant from the Economic Development Administration to construct a welding training center. As of December 31, 2020, no grant funds had been expended.

(13) New Accounting Pronouncements

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

GASB Statement No. 84, *Fiduciary Activities* (January 2017), as amended by GASB No. 95

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The provisions of GASB Statement No. 84 are effective for fiscal periods beginning after December 15, 2020 and are anticipated to have no effect on the District's financial statements.

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

Notes to Financial Statements (continued)

GASB Statement No. 87, *Leases* (June 2017), as amended by GASB No. 95

The Statement increased the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after December 15, 2020. The effect of implementation on the District's financial statements has not yet been determined.

GASB Statement No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61* (August 2018), as amended by GASB No. 95

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The provisions of GASB Statement No. 90 are effective for fiscal periods beginning after December 15, 2020 and are anticipated to have no effect on the District's financial statements.

**INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of West St. Mary Parish Port, Harbor and Terminal District (the "District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 24, 2021.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for determining audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in *internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of audit results and findings as items 2020-001 and 2020-002, that we consider to be material weaknesses.

## **Compliance and Other Matters**

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

## **District's Responses to Findings**

The District's responses to the findings identified in our audit are described in the accompanying corrective action plan for current audit findings. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## **Purpose of this Report**

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

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
June 24, 2021

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

Summary Schedule of Prior Audit Findings  
Year Ended December 31, 2020

A. Internal Control

2019-001 Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: See schedule of audit results and findings item 2020-001.

2019-002 Financial Reporting

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

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

CURRENT STATUS: See schedule of audit results and findings, item 2020-002.

B. Compliance -

No findings were reported under this section.

C. OMB Uniform Guidance –

No findings were reported under this section.

D. Management Letter –

Not issued in prior period.

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

Schedule of Audit Results and Findings  
Year Ended December 31, 2020

Part I. Summary of Auditor's Results

Financial Statements

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

2. Internal control over financial reporting:

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

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

Other

4. Management letter issued? \_\_\_\_\_ yes \_\_\_\_\_ ✓ no

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

A. Internal Control

2020-001 – Inadequate Segregation of Duties

Year initially Occurring: Unknown

CONDITION: Accounting and financial functions are not adequately segregated.

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

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

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

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

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

Schedule of Audit Results and Findings (continued)  
Year Ended December 31, 2020

2020-002 – Financial Reporting

Year initially Occurring: Unknown

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

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

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

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

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

B. Compliance

No findings are reported under this section.

Part III. Findings and Questioned Costs Relating to Federal Programs

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

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

Corrective Action Plan for Current Audit Findings  
Year Ended December 31, 2020

2020-001 Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

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

2020-002 Financial Reporting

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

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