

**Vinton Harbor and Terminal District
Vinton, Louisiana
Financial Report
For the Year Ended December 31, 2017**

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Vinton Harbor and Terminal District
Vinton, Louisiana

We have audited the accompanying financial statements of the governmental activities of Vinton Harbor and Terminal District, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Vinton Harbor and Terminal District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Vinton Harbor and Terminal District of as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financials statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

This report is intended solely for the information and use of management, and Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Langley, Wilkerson & Co., P.C.

Vinton Harbor and Terminal District
Vinton, Louisiana

STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
December 31, 2017

ASSETS

Cash and cash equivalents	\$ 275,988
Investments	677,758
Ad valorem tax receivable	155,274
Capital assets, net of accumulated depreciation	2,312,299
Restricted cash	<u>55,388</u>
Total assets	<u>3,476,707</u>

LIABILITIES

Accounts payable	10,098
Accrued interest payable	5,388
Deferred revenues	26,451
Payroll taxes payable	145
Long-term liabilities:	
Bond payable--	
Portion due within one year	75,000
Portion due after one year	<u>890,000</u>
Total liabilities	<u>1,007,082</u>

NET POSITION

Net investment in capital assets	2,312,299
Restricted for debt service	55,388
Unrestricted	<u>101,938</u>
Total net position	<u>\$ 2,469,625</u>

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

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

**STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
For the Year Ended December 31, 2017**

Function/Program	Expenses	Program Revenues		Governmental Activities - Net (Expenses) Revenues and Changes in Net Position
		Fees and Charges for Services	Capital Grants & Contributions	
Governmental activities:				
General government	\$ 274,765	-	-	\$ (274,765)
Total Government Activities	\$ 274,765	\$ -	\$ -	(274,765)
General revenues:				
Ad valorem taxes				148,044
State revenue sharing				1,082
Intergovernmental				36,810
Rental income				114,677
Interest income				340
Investment earnings				6,520
Total general revenues				307,473
Change in net position				32,708
Net position - beginning of year				2,436,917
Net position - end of year				\$ 2,469,625

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

Vinton Harbor and Terminal District
Vinton , Louisiana

GOVERNMENTAL FUND - BALANCE SHEET
December 31, 2017

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 275,988
Investments	677,758
Ad valorem tax receivable	155,274
Restricted cash	<u>55,388</u>
Total assets	<u>\$ 1,164,408</u>
 <u>LIABILITIES AND FUND BALANCE</u>	
Liabilities:	
Accounts payable	\$ 10,098
Payroll taxes payable	145
Deferred revenues	<u>26,451</u>
Total liabilities	36,694
Fund balance:	
Restricted for debt service	55,388
Unassigned	<u>1,072,326</u>
Total fund balance	<u>1,127,714</u>
Total liabilities and fund balance	<u>\$ 1,164,408</u>

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

Vinton Harbor and Terminal District
Vinton, Louisiana

RECONCILIATION OF FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION
December 31, 2017

FUND BALANCE OF GOVERNMENTAL FUNDS		\$ 1,127,714
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, not reported in the funds.		
Cost of capital assets	2,679,197	
Less - accumulated depreciation	<u>(366,898)</u>	2,312,299
Interest payable on long-term liabilities is not accrued in governmental funds; rather, it is recognized as an expenditure when due. These liabilities are reported in the statement of Net Position.		
		(5,388)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the current period and, therefore are not reported in the governmental funds.		
		<u>(965,000)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 2,469,625</u>

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

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

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended December 31, 2017**

	General Fund
Revenue:	
Ad valorem taxes	\$ 148,044
State revenue sharing	1,082
Intergovernmental	36,810
Rental income	114,677
Interest	340
Investment earnings	6,520
Total revenues	307,473
Expenditures:	
Current:	
Governmental	
Advertising	805
Auditing	3,750
Bank charges	650
Box rent	194
Contract work	119,783
Dues	1,525
Engineering fees	25,893
Insurance	8,927
Material and supplies	684
Per diem	6,150
Registration	640
Repairs and maintenance	12,959
Secretarial services	14,700
Sheriff pension	4,061
Taxes - payroll	1,595
Travel	8,596
Uniforms	460
Utilities	300
Capital outlay	3,500
Debt service:	
Bond principal payment	75,000
Bond interest expense	33,583
Total expenditures	323,755
Net change in fund balance	(16,282)
Fund balance at beginning of year	1,143,996
Fund balance at end of year	\$ 1,127,714

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

Vinton Harbor and Terminal District
Vinton, Louisiana

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Total net change in fund balance - governmental funds \$ (16,282)

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

Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense. This
is the amount by which capital outlays exceed depreciation expenses
in the current period.

Capital outlays	3,500	
Depreciation expense	<u>(29,928)</u>	(26,428)

Repayment of bond principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the statement
of net position. 75,000

Interest on long-term debt attributable to periods beyond the current
year are not reported as current year expenses in the Statement
of Activities. 418

Change in net position of governmental activities \$ 32,708

Notes to the Financial Statements

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2017
NOTES TO FINANCIAL STATEMENTS

INTRODUCTION

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

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

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

Two names to be submitted by each of the following:

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Basis of Accounting/Measurement Focus

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

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2017
NOTES TO FINANCIAL STATEMENTS

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

Basis of Accounting/Measurement Focus – (Continued)

A. Government-Wide Financial Statements

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

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

B. Governmental Fund Financial Statements

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

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

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

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

Cash and cash equivalents

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

**Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2017
NOTES TO FINANCIAL STATEMENTS**

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

Receivables

Receivables include amounts due from ad valorem taxes, state revenue sharing and tenants under rental agreements. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Because of the immateriality of uncollected accounts, the District has determined that it is not necessary to establish an allowance provision.

Investments

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

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

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. As of December 31, 2017, all assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,500 or more for capitalizing capital assets.

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

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

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

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

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2017
NOTES TO FINANCIAL STATEMENTS

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

Long-term Obligations

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

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

Budgets

Under GASB No. 34 budgetary comparison information is required to be presented for the general fund with a legally adopted budget.

For further information regarding the District's budget process see Note 11.

Fund Balance Classification

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

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District. These amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2017
NOTES TO FINANCIAL STATEMENTS

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

Fund Balance Classification – (Continued)

- Assigned: This classification includes amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed.
- Unassigned: includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank accounts and short-term investments. At December 31, 2017, the District has cash and cash equivalents (book balances) totaling \$331,376.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure the District’s deposits may not be returned. Deposits are exposed to custodial credit risk if they are either (a) uninsured and uncollateralized or (b) uninsured and collateralized with securities held by the pledging financial institution or its trust department/agent but not in the name of the District.

The District’s cash and investment policy, as well as state law, require that deposits be fully secured by federal deposit insurance or the pledge of securities owned by the bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount of deposit with the bank.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2017, the District has \$330,713 in deposits (collected bank balances). Of the bank balance, \$250,000 was covered by federal depository insurance and \$475,429 was covered by collateral held in the pledging bank’s trust department in the District’s name.

NOTE 3 - INVESTMENTS

Deposits held by LAMP at December 31, 2017, consist of \$677,758 in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool (see Summary of Significant Accounting Policies). In accordance with GASB Statement No. 3, the investment in LAMP is not categorized in the three risk categories provided by GASB Statement No. 3 because the investments is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2017
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – INVESTMENTS – (Continued)

LAMP is administrated by LAMP, Inc., a non-profit corporation organized under the laws of the state of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest.

Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. 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 or 762 days for U.S. Government floating/variable rate investments. 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 value is determined on a weekly basis by LAMP and the fair value of the position in the external investment pool is the same as the value of the pool shares. LAMP is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

At December 31, 2017, the weighted-average yield on the deposits at LAMP was 1.235% and the weighted-average maturity was less than 60 days. LAMP is rated AAAM with Standard and Pools.

NOTE 4 - AD VALOREM TAXES

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

Expected collections and collections of the 2017 levy are accrued as receivable and as revenue in the current year (2017). For budget purposes, property taxes collected in 2017 are designated as revenue appropriable in the 2017 budget year.

For the year ended December 31, 2017, taxes of 2.36 mills were levied on property with assesses valuation totaling approximately \$63,415,356. Total taxes levied for the year ended December 31, 2017 were \$149,661.

During the year, the tax assessor made adjustments to previous year taxpayer valuations and wrote off a total of \$1,617 worth of taxes. This amount was net against current year ad valorem taxes.

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

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2017
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - AD VALOREM TAXES – (Continued)

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

NOTE 5 - CAPITAL ASSET

Capital assets and depreciation activity as of and for the year ended December 31, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Land	\$ 1,551,427	\$ -	\$ -	\$ 1,551,427
Building and building improvements	1,100,399	3,500	-	1,103,899
Equipment	23,871	-	-	23,871
Total at historical cost	<u>2,675,697</u>	<u>3,500</u>	<u>-</u>	<u>2,679,197</u>
Less accumulated depreciation:				
Buildings and building improvements	330,862	28,855	-	359,717
Equipment	6,107	1,074	-	7,181
Total accumulated depreciation	<u>336,969</u>	<u>29,929</u>	<u>-</u>	<u>366,898</u>
Governmental activities capital assets, net	<u>\$ 2,338,728</u>	<u>\$ (26,429)</u>	<u>\$ -</u>	<u>\$ 2,312,299</u>

Depreciation expense for the year ended December 31, 2017, was charged to governmental activities in the amount of \$29,929.

NOTE 6 – RESTRICTED CASH

The District maintains a sinking fund reserve bank account with a balance of \$55,806 as of December 31, 2017 which is controlled by Iberia Bank. See note 7 for more details.

NOTE 7 – BONDS PAYABLE

A. Debt Outstanding

The following is a summary of the debt transactions of the District for the year ended December 31, 2017.

Bonds payable, December 31, 2016	\$ 1,040,000
Bonds repaid	(75,000)
Bonds issued	-
Bonds payable, December 31, 2017	<u>\$ 965,000</u>

**Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2017
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 – BONDS PAYABLE – (Continued)

Debt payable at December 31, 2017 is comprised of the following:

\$1,250,000 Revenue bonds dated May 16, 2013, due in annual installments of \$65,000 - \$100,000 through May 1, 2028, interest at 3.5%	<u>\$ 965,000</u>
--	-------------------

B. Debt Service Requirement to Maturity

The annual requirements, including interest, to amortize the bonds outstanding as of December 31, 2017 are as follows:

Year Ending December 31,	
2018	\$ 106,071
2019	\$ 108,475
2020	\$ 105,795
2021	\$ 108,031
2022	\$ 105,184
2023-2028	\$ 617,453

C. Sinking Fund Requirement

The Bond requires the District to make monthly deposits into sinking fund. The payments are to be made on or before the 20th calendar day of each month commencing May 20, 2013, a sum equal to one-sixth (1/6) of the interest on the Bond due on the next Interest Payment Date, and one-twelfth (1/12) of the principal of the Bond due on the next maturity date. The balance of the sinking fund at December 31, 2017 is \$55,387.

NOTE 8 - RISK MANAGEMENT

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

**Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2017
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - LEASE AGREEMENTS

Acreage Lease

The District is in its second 10 year term of a 75 acre lease effective August 1, 2006. The lease has three 10 year renewals left according to original lease. Rent per year for all 75 acres is \$63,483. Future minimum payments to be received as of December 31, 2017 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 63,483
2019	\$ 63,483
2020	\$ 63,483
2021	\$ 63,483
2022	\$ 63,483
Thereafter	\$ 227,482

Building Lease

The District leases a building to a tenant for a five year term starting January 1, 2014. This lease is set to expire December 31, 2018, with an option to renew for two additional five year terms. Minimum base rent is \$3,200 a month. Total rental income for 2017 was \$38,400. After two years from date of commencement of this lease, either party may terminate the lease with a six month written notice. Future minimum payments to be received as of December 31, 2017 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 38,400

NOTE 10 - CONCENTRATION

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

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2017
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The District uses the following budget practices:

A budget is adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at year end.

On or before the last meeting of each year, the budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The appropriated budget is prepared by fund and function. The proposed budget is presented to the District's Board of Commissioner for review. The board holds a public hearing and may add to, subtract from, or change appropriations, but may not change form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

Expenditures may not legally exceed budgeted appropriations by more than five percent.

Encumbrance accounting is not used.

NOTE 12 - SUBSEQUENT EVENTS

The District is not aware of any subsequent events through June 11, 2018, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2017.

Required Supplemental Information

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

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCE (GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2017**

	BUDGET		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenue:				
Ad valorem taxes	\$ 120,000	\$ 124,000	\$ 148,044	\$ 24,044
State revenue sharing	2,500	2,500	1,082	(1,418)
Intergovernmental	-	-	36,810	36,810
Rental income	101,830	119,350	114,677	(4,673)
Interest	150	700	340	(360)
Investment earnings	3,500	5,250	6,520	1,270
Total revenues	227,980	251,800	307,473	55,673
Expenditures:				
Governmental				
Advertising	500	800	805	(5)
Auditing	3,750	3,750	3,750	-
Bank Charges	500	650	650	-
Box rent	180	194	194	-
Contract work	27,700	126,200	119,783	6,417
Dues	1,500	1,500	1,525	(25)
Engineering fees	25,000	20,000	25,893	(5,893)
Insurance	10,000	9,000	8,927	73
Legal	2,500	2,500	-	2,500
Material and supplies	-	-	684	(684)
Office supplies	500	100	-	100
Per diem	3,100	2,800	6,150	(3,350)
Postage	100	100	-	100
Registration expense	500	650	640	10
Repairs and maintenance	4,000	12,500	12,959	(459)
Secretarial service	11,736	11,850	14,700	(2,850)
Sheriff Pension	10,000	10,000	4,061	5,939
Supplies	2,800	800	-	800
Taxes - payroll	8,600	5,450	1,595	3,855

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

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

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCE (GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2017**

	BUDGET		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures:				
Governmental - (Continued)				
Travel	5,000	9,000	8,596	404
Trustee fee	300	300	-	300
Uniforms	500	500	460	40
Utilities	-	300	300	-
Capital outlay	-	-	3,500	(3,500)
Debt service:				
Bond principal payment	75,000	75,000	75,000	-
Bond interest	33,584	33,584	33,583	1
Total expenditures	<u>227,350</u>	<u>327,528</u>	<u>323,755</u>	<u>3,773</u>
Net change in fund balance	630	(75,728)	(16,282)	59,446
Fund balance at beginning of year	<u>1,143,996</u>	<u>1,143,996</u>	<u>1,143,996</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,144,626</u>	<u>\$ 1,068,268</u>	<u>\$ 1,127,714</u>	<u>\$ 59,446</u>

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

Other Supplemental Information

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2017

COMPENSATION PAID BOARD MEMBERS

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

Schedule of Compensation Paid Board Members
For the Year Ended December 31, 2017

<u>BOARD MEMBER</u>	<u>PER DIEM AMOUNT</u>
Charles Broussard	\$ 770
Alexis Morrow, Jr.	840
Steven Jennings	770
Jerry Merchant	3,000
Haley Bellard	770
Total	<u>\$ 6,150</u>

Vinton Harbor and Terminal District
Vinton, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD
For the Year Ended December 31, 2017

Agency Head Name: Jerry Merchant

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 0
Benefits	0
Meals	393
Mileage reimbursement	673
Per Diem	3,000
Supplies	0
Other	0
	<u>\$ 4,066</u>



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

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PHILLIP D. ABSHIRE, III
NICHOLAS J. LANGLEY
ALEXIS H. O'NEAL

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

Board of Commissioners
Vinton Harbor and Terminal District
Vinton, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Vinton Harbor and Terminal District, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise of the District's basic financial statements and have issued our report thereon dated June 11, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. The deficiencies are identified as 17-01(IC) and 17-02(IC).

Compliance and Other Matters

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

Vinton Harbor and Terminal District Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jerry L. Williams, Co., CPA

Lake Charles, Louisiana

June 11, 2018

Vinton Harbor and Terminal District
Vinton, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
For the Year Ended December 31, 2017

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
Current year (12/31/17)						
Internal Control:						
17- 01 (IC)	Unknown	Vinton Harbor and Terminal District did not have adequate segregation of duties within the accounting system.	No	The District's management has determined that is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible. No plan is considered necessary.	Mary Vice	NA
17- 02 (IC)	2008	Vinton Harbor and Terminal District does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including related notes.	No	The District's management has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with (GAAP) and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the drafted financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Mary Vice	NA
Compliance:						
There were no matters involving compliance to be reported.						
Prior year (12/31/16)						
Internal Control:						
Same as current year						
Compliance:						
There were no matters involving compliance to be reported.						



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Vinton Harbor and Terminal District
Lake Charles, Louisiana

We have performed the procedures enumerated below, which were agreed to by Vinton Harbor and Terminal District ("VHTD") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain 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.

Exception: There were no formal written policies and procedures.

Management's response: Management will implement a set of formal written policies and procedures that will cover all sections from 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.

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

- 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).

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

- 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.

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

- 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.

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

Bank Reconciliations

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

We obtained a list of bank accounts from our bank confirmations and management's representation that the list was complete.

- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;

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

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Exception: In reviewing the bank reconciliations and bank statements for the selected accounts for the fiscal year, we found that there was no evidence that management had reviewed the bank reconciliations once they were completed.

Management's response: Management will provide the board with the bank statement and reconciliation at their monthly board meeting for review and approval and get proper documentation.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Exception: In reviewing the bank reconciliations, there was no evidence of management's research into items that have been outstanding for 6 months or more.

Management's response: Management will implement a process to begin researching items that are outstanding for 6 months or more.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

We obtained a listing of cash collection locations and management's representation that the list was complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

- 1) **There were no exceptions noted as a result of applying this procedure.**
- 2) **Exception: The person responsible for collecting cash is responsible for depositing the cash and reconciling the account.**

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

- 3) **There were no exceptions as a result of applying this procedure.**

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Exception: The entity does not have a formal process to reconcile cash collections to the general ledger.

Management's response: Management will implement a set of formal written policies and procedures that will cover this procedure.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

<u>Location</u>	<u>Number of Receipts</u>	<u>Number of Days from Collection to Deposit</u>
Vinton Harbor & Terminal	1	2-7 days

Exception: The entity does not keep a complete record of daily cash collections. As a result of this we were not able to accurately determine the number of days between the day of collection and the day of deposit for the week selected.

Management's response: Due to the low volume of receipts collected during the week at the noted collection site and limited number of employees, it is not economically feasible for employees to travel to the bank. Deposits not made within one day of collection will be kept in a locked deposit bag until taken to the bank.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

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

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Exception: There is no formal written procedure that determines the completeness of all collections.

Management's response: Management will implement written policies and procedures that will cover this procedure.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

We obtained a listing of disbursements and management's representation that the list was complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting

documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

We were unable to perform the above prescribed procedures for the 25 transactions because the entity does not utilize a requisition/purchase order system. However, we noted that invoices were present for all transactions, matched the associated payments and board approval was made for the payment of the invoice.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Exception: The person responsible for processing payments does have access to adding vendors to the entity's purchasing/disbursement system.

Management's response: Management has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

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

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

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

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The entity does not use a signature stamp or signature machine, therefore making this procedure not applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

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

We obtained a listing of active credit cards, bank debit cards, fuel cards and the name of the person who maintains possession of the cards and management's representation that the list was complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation 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.]

Exception: On the month tested for each card, evidence was not available to support that the supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Management's response: Management will bring monthly credit card statement and individual receipts to monthly board meetings for board member's review and approval. Management has determined that once the credit card expires, they will not renew or obtain another credit card.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

No finance charges and/or late fees were assessed on the selected statements.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

For all credit cards tested there were original itemized receipts for all transactions, there was written evidence of the documentation of the business purpose of the transactions and per discussion with management there is nothing else required.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

Exception: We were not able to compare transaction details to the entity's written policies due to the lack of formal written policies for purchasing/disbursements, however, none of the transactions tested were subject to Louisiana Public Bid Law.

Management's response: Management will implement a set of formal written policies and procedures that will cover this procedure.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

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

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

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

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Exception: There were no written policies to compare to the U.S. General Services Administration rates.

Management's response: Management will implement a set of formal written policies and procedures that will cover this procedure.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Exception: There were no written policies on the reimbursement of travel expenses.

Management's response: Management will implement a set of formal written policies and procedures that will cover this procedure.

- b) Report whether each expense is supported by:
- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

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

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

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

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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

Contracts

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

We obtained a listing of all contracts in effect during the fiscal period and management's representation that the list is complete.

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
 - a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Exception: Of the five vendors selected, three of them had a formal/written contract that supported the service arrangements and amount paid.

Management's response: Management will implement procedures that will require the acquisition of a formal written contract for all services arrangements entered into by the entity.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

None of the contracts selected were subject to Louisiana Public Bid Law or Procurement Code.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

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

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

None of the contracts selected were amended during the current fiscal period.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Payments made on each contract were made within the terms and conditions of the contract.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

All contracts entered into by the Vinton Harbor and Terminal District are approved by the board in the board minutes.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

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

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

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

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

There were no changes in hourly pay rates/salaries during the fiscal period, thus making procedure not applicable.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

The entity does not have any paid leave for employees making this procedure not applicable.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

The entity does not have any paid leave for employees making this procedure not applicable.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

The entity does not have any paid leave for employees making this procedure not applicable.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

The Vinton Harbor and Terminal District does not pay any termination payments, making this procedure not applicable.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

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

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Exception: For the five employees selected for this procedure, there were two employees who did not have the required documentation demonstrating that the employees had completed the required ethics training during the fiscal year.

Management's response: Management will require and maintain documentation that required ethics training has been completed by all employees and officials.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management has asserted that they have not received any allegations of ethics violations during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

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

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

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

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

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

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

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

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lila.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The Vinton Harbor and Terminal District has posted on its premises the notice required by R.S. 24:523.1.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

There were no exceptions noted as a result of applying these procedures.

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

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

Langley, Williams & Co., LLP

Langley, Williams & Co. LLC
Lake Charles, Louisiana
June 11, 2018