

**LOWER MISSISSIPPI RIVER PORT-WIDE
STRATEGIC SECURITY COUNCIL**

Baton Rouge, Louisiana

FINANCIAL REPORT

June 30, 2020

**LOWER MISSISSIPPI PORT-WDIE
STRATEGIC SECURITY COUNCIL**

Baton Rouge, Louisiana

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To the Board of Directors of the
Lower Mississippi River Port-Wide Strategic Security Council
Baton Rouge, Louisiana

We have reviewed the accompanying financial statements of the Lower Mississippi River Port-Wide Strategic Security Council (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

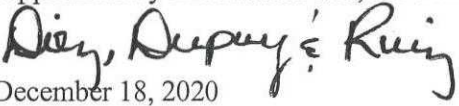
Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA, and the standards applicable to review engagements contained in Government Auditing Standards, issued by the United States Comptroller General. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Other Supplementary Information

The accompanying supplementary schedule of compensation, benefits, and other payments to agency head included on page 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the supplementary information and, accordingly, do not express an opinion on such information.


December 18, 2020
Gonzales, Louisiana

**LOWER MISSISSIPPI RIVER PORT-WIDE
STRATEGIC SECURITY COUNCIL**

Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION

June 30, 2020

(See Independent Accountants' Review Report)

ASSETS

Cash and cash equivalents	<u>\$ 2,088,088</u>
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LIABILITIES AND NET ASSETS

LIABILITIES

State funds held in custody	\$ 17,669
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NET ASSETS

With donor restrictions	<u>2,070,419</u>
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Total liabilities and net assets	<u>\$ 2,088,088</u>
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The accompanying notes to financial statements
are an integral part of this statement.

**LOWER MISSISSIPPI RIVER PORT-WIDE
STRATEGIC SECURITY COUNCIL**

Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES

For the year ended June 30, 2020

(See Independent Accountants' Review Report)

REVENUE

State grants \$ 372,411

EXPENSES

Program services:

 Project costs 372,411

General and administrative:

 Professional services 5,980

 Supplies 486

 Total expenses 378,877

Decrease in net assets (6,466)

NET ASSETS

Beginning of year 2,076,885

End of year \$ 2,070,419

The accompanying notes to financial statements
are an integral part of this statement.

**LOWER MISSISSIPPI RIVER PORT-WIDE
STRATEGIC SECURITY COUNCIL**

Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS

For the year ended June 30, 2020

(See Independent Accountants' Review Report)

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	\$ (6,466)
Change in operating assets and liabilities:	
Decrease in accounts payable	(12,386)
Increase in state funds held in custody	<u>17,669</u>
Net decrease in cash	(1,183)
CASH	
Beginning of year	<u>2,089,271</u>
End of year	<u>\$ 2,088,088</u>

The accompanying notes to financial statements
are an integral part of this statement.

**LOWER MISSISSIPPI RIVER PORT-WIDE
STRATEGIC SECURITY COUNCIL**

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and operations

The Lower Mississippi River Port-Wide Strategic Security Council (the Council), is a consortium of the five contiguous deep-water ports located on the Lower Mississippi River. The Council includes the Port of Greater Baton Rouge, the Port of South Louisiana, the Port of New Orleans, the St. Bernard Port Harbor and Terminal District, and the Plaquemine Port Harbor and Terminal District.

The Council was formed during 2007 to compete for grant funding as a region from the Department of Homeland Security for security enhancements at the individual ports through the Port Security Grant Program. The Council's role is to provide regional coordination to attract and administer grant funding for the benefit of the consortium. In general, to qualify for the federal grants, a match of 25% of the grant amount is required, and the Council has sought State funds for the match requirement, if applicable.

Federal funding through consortiums was discontinued prior to July 1, 2016. For subsequent federal grants, member ports were able to receive the required 25% match for their federal grants from the State through existing appropriations dedicated to the Council. The grant revenue reported for the year ended June 30, 2020 results from such funding.

Basis of accounting

The Council prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of presentation

The Council reports information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Council's net assets are restricted to expenditures related to funding of projects consistent with the initial terms of the grant agreement.

The statement of activities and functional expenses presents revenues by source and expenses functionally between program services, and general and administrative.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

For purposes of financial statement reporting, the Council considers all cash and highly liquid short-term investments with an original maturity of three months or less when purchased to be cash and cash equivalents.

Concentrations of credit risk

The Council maintains its cash balances at a financial institution in which balances are insured by the FDIC up to \$250,000. The Council typically maintains balances in excess of the insured limits; however, management believes the risk is limited.

Grant revenue recognition

Grants are provided as a match to federal funds as previously described. Restricted grants are reported as revenues if the terms are satisfied within the same year as received.

Net assets

The Council has adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 – Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 addresses the complexity and understandability of net asset classification, information about liquidity and availability of resources, and the type of information provided about expenses and investment return for not-for-profit entities. Net assets are reported as net assets without donor restrictions and as net assets with donor restrictions. Note 3 addresses the liquidity of funds.

Income tax status

The Council qualifies as a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code; therefore, the financial statements have no provision for federal and state income tax. The Council files a Form 990 tax return in the U.S. federal jurisdiction. The Council follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management of the Council believes it has no material uncertain tax positions and has not recognized any liability for unrecognized tax benefits. The Council's open audit periods are 2017 through 2020.

Subsequent events

In preparing these financial statements, the Council has evaluated events and transactions for potential recognition or disclosure through the date of the independent accountants' review report, December 18, 2020, which was the date the financial statements were available to be issued.

NOTE 2 - COMMITMENTS AND CONTINGENCIES

Since August 2014, the Council has been subject to an audit of program grants by the Office of Inspector General of the U.S. Department of Homeland Security (OIG). The initial findings of disallowed costs (\$9,200,000) have been vigorously refuted by the Council with considerable reduction of the initial findings as discussed below.

Currently, the OIG has a remaining \$1,111,000 of disallowed programing costs and has referred the matter for final determination to the FEMA office of the Chief Financial Officer. The Council intends to contest any final determination by available means. In any event, the ultimate outcome of this matter and its effect on the financial statements are undeterminable at this time.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Council's financial assets available within one year of the balance sheet date for general expenses at June 30, 2020 consists of cash and cash equivalents on hand less the amount of state funds currently being held. As a result, the Council has \$2,070,419 available for expenses that meet its contractual requirements.

As part of the Council's liquidity management, the Council maintains sufficient cash balances throughout the year through receiving grants from the State to support the Council's objective to provide security enhancements at the individual ports along the Mississippi River.

NOTE 4 - SUBSEQUENT EVENTS

The COVID-19 pandemic has affected both the local and global economy, and while the Council is not immune to the effects of the pandemic, the ultimate impact is not determinable at this time.

SUPPLEMENTARY INFORMATION

**LOWER MISSISSIPPI PORT-WIDE
STRATEGIC SECURITY COUNCIL**

Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD**

For the year ended June 30, 2020

Agency Head: Carol Fitch, Grant Administrator

<u>Purpose</u>	<u>Amount</u>
Nonemployee compensation	<u>\$ 1,350</u>



Independent Accountant's Report
on Applying Agreed-Upon Procedures

To Lower Mississippi River Port-Wide Strategic Security Council
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Lower Mississippi River Port-Wide Strategic Security Council and the Louisiana Legislative Auditor (the specified parties), on the Council's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended June 30, 2020, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The Council's management is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated 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:

Federal, State, and Local Awards

1. Obtain the list of federal, state, and local government grant award expenditures for the fiscal year, by grant and grant year, from the Agency's management.

The Council represented that they received state government grant awards during the fiscal year ended June 30, 2020.

2. For each federal, state, and local grant award, randomly select six disbursements from each grant administered during the fiscal year, provided that no more than 30 disbursements are selected.

Six disbursements were selected from the state grant.

3. Obtain documentation for the disbursements selected in Procedure 2. Compare the selected disbursements to supporting documentation, and report whether the disbursements agree to the amount and payee in the supporting documentation.

Each of the selected disbursements agreed to the amount and payee in the supporting documentation.

4. Report whether the selected disbursements were coded to the correct fund and general ledger account.

All of the disbursements were coded to the correct fund and general ledger account.

5. Report whether the selected disbursements were approved in accordance with the Agency's policies and procedures.

The Council's policies and procedures state that the grant administrator must approve all disbursements, with subsequent approval by the full board. Documentation supporting each of the selected disbursements included the signature of the grant administrator. In addition, approval by the full board for each of the disbursements was traced to the Council's minute book.

6. For each selected disbursement made for federal grant awards, obtain the *Compliance Supplement* for the applicable federal program. For each disbursement made for a state or local grant award, or for a federal program not included in the *Compliance Supplement*, obtain the grant agreement. Compare the documentation for each disbursement to the program compliance requirements or the requirements of the grant agreement relating to activities allowed or unallowed, eligibility, and reporting; and report whether the disbursements comply with these requirements.

The Council does not receive federal grant awards. This section is not applicable.

7. Obtain the close-out reports, if required, for any program selected in Procedure 2 that was closed out during the fiscal year. Compare the close-out reports, if applicable, with the Agency's financial records; and report whether the amounts in the close-out reports agree with the Agency's financial records.

There were no close-out reports for any programs during the fiscal year.

Open Meetings

8. Obtain evidence from management that agendas for meetings recorded in the minute book were posted as required by Louisiana Revised Statute 42:11 through 42:28 (the open meetings law), and report whether there are any exceptions.

Management represented that according to Attorney General Opinion No. 13-0043, the Council is not subject to open meetings law.

Budget

9. For each grant exceeding five thousand dollars, obtain the comprehensive grant budgets that the agency provided to the applicable federal, state or local grantor agency. Report whether the budgets for federal, state and local grants included the purpose and duration of the grants; and whether budgets for state grants also included specific goals, objectives, and measures of performance.

Management represented that no budget was prepared for grant received in the current fiscal year. The grant was originally awarded in 2012. This grant is the sole revenue source of the Council. The

Council is a pass-through entity; therefore, the amount received in grant revenues is the amount disbursed during the fiscal year. No exceptions noted.

State Audit Law

10. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The Council's report was submitted to the Legislative Auditor before the statutory due date of December 31, 2020.

11. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

The Council's management represented that the Council did not enter into any contracts during the fiscal year that were subject to the public bid law.

Prior-Year Comments

12. Obtain and report management's representation as to whether any prior year suggestions, exceptions, recommendations, and/or comments have been resolved.

Management represented that there were no prior-year comments reported.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. 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 the Council's compliance with the foregoing matters. 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 the Council's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Gonzales, Louisiana
December 18, 2020

**ATTACHMENTS:
SIGNED LOUISIANA ATTESTATION QUESTIONNAIRE**

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Agencies)

December 15, 2020 (Date Transmitted)

Diez, Dupuy & Ruiz LLC (CPA Firm Name)
1124 S Burnside Ave; Suite 300A (CPA Firm Address)
Gonzales, LA 70737 (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of **June 30, 2020** and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Federal, State, and Local Awards

We have detailed for you the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Yes [**X**] No []

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and local grantor officials.

Yes [**X**] No []

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes [**X**] No []

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [**X**] No []

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law). **Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meeting FAQs," available on the Legislative Auditor's website to determine whether a non-profit agency is subject to the open meetings law.**

Yes [**X**] No []

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

Yes [**X**] No []

Reporting

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [**X**] No []

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes [] No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [] No []

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes [] No []

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes [] No []

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes [] No []

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes [] No []

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes [] No []

The previous responses have been made to the best of our belief and knowledge.

Carol W. Fitch

Carol W Fitch, LMRPWSSC Grant Administrator

Paul G. Aucoin

Paul G. Aucoin, LMRPWSSC Council President