

CENTRAL LOUISIANA REGIONAL PORT
Alexandria, Louisiana

Financial Report

Year Ended April 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Central Louisiana Regional Port
Alexandria, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Central Louisiana Regional Port ("Port") as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Central Louisiana Regional Port, as of April 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-8 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 financial 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 an opinion on the financial statements that collectively comprise the Port's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis and is required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2018, on our consideration of the Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 Port's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
September 12, 2018

REQUIRED SUPPLEMENTARY INFORMATION

Central Louisiana Regional Port
April 30, 2018

Management's Discussion and Analysis

Our discussion and analysis of the Central Louisiana Regional Port's (the Port) financial performance provides an overview of the Port's financial activities for the fiscal year ended April 30, 2018. Please read in conjunction with the Port's basic financial statements, which begins on page 9.

Financial Highlights

- The Port's net position increased by \$1,342,269 during the year ended April 30, 2018, which is a 6% increase in total net position.

Using this Annual Report

This annual report consists of Management's Discussion and Analysis, the basic financial statements, and notes to the financial statements. Management's Discussion and Analysis provides a narrative of the Port's financial performance and activities for the year ended April 30, 2018. The basic financial statements provide readers with a broad overview of the Port's finances, in a manner similar to a private-sector business. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The basic financial statements consist of three statements:

- The Statement of Net Position presents information on all of the Port's assets, deferred outflows, liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Port is improving or deteriorating.
- The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Port's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Certain revenues and expenses are reported in this statement that will result in cash flows in future periods.
- The Statement of Cash Flows presents information showing how the Port's cash changed during the most recent fiscal year. It shows the sources and uses of cash.

Central Louisiana Regional Port
April 30, 2018

Management's Discussion and Analysis

A summary of net position is presented below.

Table 1

Changes in Net Position

	2018	2017	% Change
Current and other assets	\$ 2,134,956	\$ 1,043,145	105%
Construction in progress	1,515,625	179,442	745%
Capital assets, net of depreciation	20,801,907	21,225,118	-2%
Total assets	24,452,488	22,447,705	9%
Current Liabilities	622,259	14,596	4163%
Noncurrent liabilities	16,350	63,870	-74%
Deferred inflows of resources	168,583	66,212	155%
Total liabilities	807,192	144,678	458%
Invested in capital assets	22,317,532	21,404,560	4%
Unrestricted net position	1,327,764	898,467	48%
Total net position	\$ 23,645,296	\$ 22,303,027	6%

Invested in capital assets represent the Port's long-term investment in capital assets, net of accumulated depreciation, and is not available for current operations.

Central Louisiana Regional Port
April 30, 2018

Management's Discussion and Analysis

A summary of changes in net position is presented below.

Table 2

Changes in Net Position

	2018	2017	% Change
Operating revenues			
(Charges for services, leases, and other)	\$ 892,551	\$ 1,123,531	-21%
Non-operating revenue			
(Government subsidies and interest income)	8,428	179,442	-95%
Total revenues	900,979	1,302,973	-116%
Operating expenses			
Depreciation	608,418	584,678	4%
Other	462,475	430,270	7%
Total expenses	1,070,893	1,014,948	6%
Capital contributions	1,512,183	298,844	406%
Total change in net position	\$ 1,342,269	\$ 586,869	129%

Capital Assets

At April 30, 2018 and 2017, the Port had \$28,962,117 and \$27,440,727 respectively, invested in capital assets, including land and improvements, roads, port facilities, and furniture, fixtures, and equipment. There were \$1,521,390 in additions to capital assets during the year ended April 30, 2018.

Non-Current Liabilities

The Port's non-current liabilities consisted of accrued compensated absences for vacation and sick leave for a total of \$16,350. Non-current liabilities for the port decreased by \$54,560 in comparison to the prior year due to customer refunds being reclassified to current liabilities during the current period.

Central Louisiana Regional Port
April 30, 2018

Management's Discussion and Analysis

Deferred inflows of resources

Deferred inflows of resources consist of deferred lease payments and unearned revenue totaling \$168,583. Deferred lease payments increased \$25,651 to a balance of \$91,863 and unearned revenue increased by \$76,720 during the current fiscal year.

Other Currently Known Facts, Decision, or Conditions

It is very difficult to project from year to year the profitability of the Port due to the fact that some of the income that reflects profitability is thru-put fees. The lease income and grants provide the basis for the operating expenses.

Where appropriate, the tenants share the bulk of the maintenance except for replacement of the capital assets.

Contacting the Port's Financial Management

This financial report is designed to provide a general overview of the Port's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Central Louisiana Regional Port's office at 600 River Port Road, Alexandria, Louisiana.

BASIC FINANCIAL STATEMENTS

CENTRAL LOUISIANA REGIONAL PORT
Alexandria, Louisiana

Statement of Net Position
April 30, 2018

ASSETS

Current assets:	
Cash and interest-bearing deposits	\$ 1,732,687
Due from other governmental units	399,162
Prepaid items	<u>3,107</u>
Total current assets	<u>2,134,956</u>
Noncurrent assets:	
Land	3,519,132
Construction in progress	1,515,625
Capital assets, net	<u>17,282,775</u>
Total noncurrent assets	<u>22,317,532</u>
Total assets	<u>\$ 24,452,488</u>

LIABILITIES

Current liabilities:	
Accounts payables	\$ 5,744
Customer refunds	47,520
Construction payables	508,046
Retainage payable	<u>60,949</u>
Total current liabilities	<u>622,259</u>
Noncurrent liabilities:	
Compensated absences	<u>16,350</u>
Total liabilities	<u>638,609</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows - unearned revenue	76,720
Deferred inflows - advanced lease income	<u>91,863</u>
Total deferred inflows of resources	<u>168,583</u>

NET POSITION

Net investment in capital assets	22,317,532
Unrestricted	<u>1,327,764</u>
Total net position	<u>\$ 23,645,296</u>

The accompanying notes are an integral part of this statement.

CENTRAL LOUISIANA REGIONAL PORT
Alexandria, Louisiana

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended April 30, 2018

Operating revenues:	
Lease income	\$ 756,945
Rent income	120,091
Miscellaneous income	<u>15,515</u>
Total operating revenues	<u>892,551</u>
Operating expenses:	
Salaries	224,246
Payroll taxes	2,997
Retirement	18,085
Legal and professional fees	30,568
Membership and dues	2,692
Office expense	25,295
Depreciation	608,418
Insurance	65,255
Marketing and development	6,438
Accounting	20,978
Repairs and maintenance	57,911
Travel	<u>8,010</u>
Total operating expenses	<u>1,070,893</u>
Operating loss	<u>(178,342)</u>
Nonoperating revenues (expenses):	
Interest income	<u>8,428</u>
Loss before contributions	(169,914)
Capital contributions	<u>1,512,183</u>
Change in net position	1,342,269
Net position, beginning	<u>22,303,027</u>
Net position, ending	<u>\$ 23,645,296</u>

The accompanying notes are an integral part of this statement.

CENTRAL LOUISIANA REGIONAL PORT
Alexandria, Louisiana

Statement of Cash Flows
For the Year Ended April 30, 2018

Cash flows from operating activities:	
Receipts from customers	\$ 918,202
Payments to suppliers	(229,106)
Payments to employees	<u>(245,328)</u>
Net cash provided by operating activities	<u>443,768</u>
Cash flows from capital and related financing activities:	
Purchases and construction of capital assets	(952,395)
Proceeds from grants	<u>1,189,741</u>
Net cash provided by capital and related financing activities	<u>237,346</u>
Cash flows from investing activities	
Interest received	<u>8,428</u>
Net increase in cash and interest-bearing deposits	689,542
Cash and interest-bearing deposits, beginning of period	<u>1,043,145</u>
Cash and interest-bearing deposits, end of period	<u><u>\$ 1,732,687</u></u>
Reconciliation of operating income to net cash provided	
by operating activities:	
Operating loss	\$ (178,342)
Adjustments to reconcile operating income to	
net cash provided by operating activities -	
Depreciation	608,418
Changes in assets and liabilities:	
Increase in prepaid expenses	(3,107)
Decrease in accounts payables	(1,812)
Decrease in customer refunds	(7,040)
Increase in deferred revenue from lease payments	<u>25,651</u>
Net cash provided by operating activities	<u><u>\$ 443,768</u></u>

The accompanying notes are an integral part of this statement.

CENTRAL LOUISIANA REGIONAL PORT
Alexandria, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Central Louisiana Regional Port (the Port) are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GAAP includes all relevant GASB pronouncements as set forth in the Codification for Governmental Accounting and Financial Reporting.

A. Financial Reporting Entity

The Central Louisiana Regional Port (the Port), was created by Act 1987, No. 440 of the Legislature of the State of Louisiana, and is a political subdivision of the State. Effective July 1, 2015, the State of Louisiana has changed the name of the Alexandria Regional Port Authority to the Central Louisiana Regional Port. Its territorial limits are concurrent with that of the municipal limits of the Parish of Rapides. The Port is governed by a board of commissioners, composed of ten members, who serve without compensation. The City of Alexandria appoints four commissioners, Rapides Parish Police Jury appoints three commissioners, City of Pineville appoints two commissioners and Town of Boyce appoints one commissioner to the board.

Section 2100 of the 2011 Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, "Defining the Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

- Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
- Whether the primary government's governing authority (Board Members) appoints a majority of board members of the potential component unit and is able to impose its will on the potential component unit or whether the potential component unit is fiscally dependent on the primary government.
- Financial benefit/burden relationship between the primary government and the potential component unit.
- The nature and significance of the relationship between the potential component units with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

The Port is a primary government and has no component units. The accompanying financial statements present information only on the funds maintained by the Port and do not present information on any other governmental unit.

CENTRAL LOUISIANA REGIONAL PORT
Alexandria, Louisiana

Notes to Basic Financial Statements

B. Basis of Accounting

The financial statements of the Port have been prepared in conformity with generally accepted accounting principles (GAAP). Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statute 24:517 and to the guidelines set forth in the Louisiana Governmental Audit Guide.

The Port maintains its books and records on the full accrual basis of accounting and on the flow of economic resources measurement focus. The Port applies all applicable professional standards in accounting and reporting for its proprietary operations.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Port are derived from leasing out facilities owned by the Port. Operating expenses include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

In some instances, GASB requires an entity to delay recognition of decreases in net position as expenditures until a future period. In other instances, entities are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There were no deferred outflows of resources. The Port reported deferred inflows of resources for unearned revenue and advanced lease income.

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The Port reports three components as follows:

- (1) Net investment in capital assets - This component consists of net capital assets reduced by the outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- (2) Restricted net position - This component is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to the restricted assets.
- (3) Unrestricted net position - This component consists of all other net position that does not meet the definition of the above two components and is available for general use by the Port.

CENTRAL LOUISIANA REGIONAL PORT
Alexandria, Louisiana

Notes to Basic Financial Statements

It is the Port's policy to use restricted amounts first when both restricted and unrestricted net position is available unless, prohibited by legal or contractual provisions.

C. Assets and Liabilities

Cash and interest-bearing deposits

For the purpose of the statement of cash flows, "cash and interest-bearing deposits" include all demand and savings accounts, certificates of deposit and short-term investments with an original maturity of three months or less when purchased.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Enterprise fund activities consist of lease income collected throughout the year in accordance to the Port's lease agreements. There were no receivables related to the lease income at year end.

Prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets. They are reported at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Port maintains a threshold level of \$1,500 for capitalizing assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. No interest expense was incurred during the current construction projects of the port.

Depreciation of all exhaustible capital assets is charged as an expense against its operations. The estimated useful lives are as follows:

Infrastructure-roads	50 years
Port facilities	40 years
Furniture and fixtures	7 years
Equipment	5-40 years

CENTRAL LOUISIANA REGIONAL PORT
Alexandria, Louisiana

Notes to Basic Financial Statements

Compensated Absences

The Port allows its employees to accrue between seven to thirty-five days of vacation based on the numbers of years served by the employee. The employees are not allowed to carryover unused vacation earned during the period. Each employee is also allowed to accumulate up to ten days of sick pay per employment year with an accumulation of up to 30 days, however, no accumulated sick pay will be paid out upon separation of employment.

Under the Port's previous policy, employees were allowed to accumulate benefits which were available to be paid on separation of employment. Any employees with accumulated benefits at the time of the policy change were permitted to retain those benefits until the benefits were used or paid at separation.

Unearned Revenue

Unearned revenue was derived from third party advanced payments to the Port for the construction of a facility at the Port. Revenue will be recognized in subsequent periods when the construction costs are incurred.

Advances in Lease Income

The Port reports advances in lease income on its statement of net position as deferred inflows of resources. Advances in lease income arise when the Port receives resources from lease income before it has legal claim to those resources. In subsequent periods, when the Port has a legal claim to the resources, the revenue is recognized.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects or revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

(2) Cash and interest bearing-deposits

Under state law, the Port may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Port may invest certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

CENTRAL LOUISIANA REGIONAL PORT
Alexandria, Louisiana

Notes to Basic Financial Statements

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Port's deposits may not be recovered, or the Port will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at costs, which approximates market. Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent 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. The following is a summary of deposit balances (bank balances) and the related federal insurance and pledged securities:

Bank balances	<u>\$ 1,734,167</u>
Insured	\$ 250,000
Uninsured and collateral held by pledging bank not in the Port's name	<u>1,484,167</u>
Total	<u>\$ 1,734,167</u>

The Port does not have a policy for custodial credit risk.

(3) Capital Assets

Capital asset activity was as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
Capital assets not being depreciated:				
Land	\$ 3,343,132	\$ 176,000	\$ -	\$ 3,519,132
Construction in progress	179,442	1,336,183	-	1,515,625
Other capital assets				
Infrastructure - roads	906,427	-	-	906,427
Port facilities	22,113,152	4,447	-	22,117,599
Port office facility	469,122	-	-	469,122
Furniture and fixtures	448	-	-	448
Equipment	<u>429,004</u>	<u>4,760</u>	<u>-</u>	<u>433,764</u>
Totals	<u>27,440,727</u>	<u>1,521,390</u>	<u>-</u>	<u>28,962,117</u>

CENTRAL LOUISIANA REGIONAL PORT
Alexandria, Louisiana

Notes to Basic Financial Statements

Less accumulated depreciation				
Infrastructure - roads	(199,682)	(18,259)	-	(217,941)
Port facilities	(5,511,638)	(553,779)	-	(6,065,417)
Port office facility	(106,746)	(12,174)	-	(118,920)
Furniture and fixtures	(448)	-	-	(448)
Equipment	<u>(217,653)</u>	<u>(24,206)</u>	<u>-</u>	<u>(241,859)</u>
Total accumulated depreciation	<u>(6,036,167)</u>	<u>(608,418)</u>	<u>-</u>	<u>(6,644,585)</u>
Capital assets, net	<u>\$ 21,404,560</u>	<u>\$ 912,972</u>	<u>\$ -</u>	<u>\$ 22,317,532</u>

Depreciation expense was charged in the amount of \$608,418.

(4) Leases

The Port has entered into lease agreements with several entities for use of Port property and assets. Summary information related to the leases is as follows:

A. Dis-Tran Lease

On December 23, 2014, the Port entered into a lease agreement with Dis-Tran Packaged Substations, LLC for use of facilities. The terms of the lease was for a two-year period with the options for ten 1-year extensions. On July 8, 2015, the lease was renegotiated to increase the use of the facilities. On May 24, 2017, the lease was renegotiated to increase the use of the facilities and update the lease to a five-year rental agreement with the options of ten 2-year extensions.

Minimum future lease payments to be received by the Port under the present lease are as follows:

<u>Fiscal Year Ending</u>	
2019	\$ 318,000
2020	318,000
2021	318,000
2022	<u>318,000</u>
Total payments	<u>\$ 1,272,000</u>

B. ATC Lease

On February 8, 2017, the port entered into a lease agreement with the Alexandria Terminal Company, LLC, for an initial five-year period with the option of four successive five-year renewal terms to not exceed 25 years. The agreed upon rent was to be paid quarterly. In addition, the lease agreement includes a throughput fee to be paid each year by ATC based on the amount of cargo shipped in and out of the port with a minimum throughput fee of \$36,750 each year of the lease agreement.

CENTRAL LOUISIANA REGIONAL PORT
Alexandria, Louisiana

Notes to Basic Financial Statements

Minimum future lease payments to be received by the Port under the present lease was as follows.

<u>Fiscal year ending</u>	
2019	\$ 18,000
2020	18,000
2021	18,000
2022	<u>18,000</u>
Total payments	<u>\$ 72,000</u>

C. CHS Inc. Lease

On January 21, 2014, CHS Inc. entered into a lease agreement with the Port assuming an existing lease agreement held between the Port and Terral River Service, Inc. The original lease held by TRS was created September 1, 1998 for a five-year period with nine options to renew for five-year periods. TRS chose to renew the lease past September 1, 2013 for an additional five years expiring on August 31, 2018. An addendum to the lease agreement was made in October of 2014 to address roof repairs allowing for the quarterly payment to be until the liability is settled. As of April 30, 2018, the liability was \$47,520. As of the date of this report, CHS has chosen not to renew the lease agreement and to vacate the premises.

Minimum future lease payments to be received by the Port under the present lease was as follows:

<u>Fiscal Year Ending</u>	
2019	<u>\$ 48,446</u>

D. CPES Holdings, LLC

The Port and CPES entered into a lease agreement on December 15, 2016, to begin renting facilities on January 1, 2017 for an initial 10-year period with the option to extend the lease for two additional terms of five years each. Annual lease payments are due in quarterly installments. In addition to the minimum lease payments, throughput fees on inbound or outbound cargo shall be paid to the Port. The conditions on throughput fees include minimum amounts that must be paid to the Port as follows:

<u>Lease year ending</u>	
2019	\$ 75,000
2020	100,000
2021	150,000
2022	200,000
2023 and thereafter	200,000

CENTRAL LOUISIANA REGIONAL PORT
Alexandria, Louisiana

Notes to Basic Financial Statements

Minimum future rental payments to be received by the Port under the present lease was as follows.

<u>Fiscal year ending</u>	
2019	\$ 291,667
2020	315,000
2021	315,000
2022	315,000
2023 and thereafter	<u>1,470,000</u>
Total payments	<u><u>\$ 2,706,667</u></u>

(5) Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer

The schedule of compensation to Blake Cooper, Executive Director, is as follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 130,258
Benefits - retirement	1,741
Car Allowance	6,000
Travel expense	6,631
Cell phone	<u>1,193</u>
	<u><u>\$ 145,823</u></u>

(6) Pension Plan

On January 1, 2018 the Port established the Central Louisiana Regional Port 457(b) Plan. All employees are eligible to participate in the plan on the first day of the calendar month after they have completed 90 days of service. The plan offers different types of contributions that could be made by employees to the plan. The Port will make matching contribution up to a maximum of 4% of the employee's contribution to the plan. Matching contributions made by the Port for the year were \$2,997.

(7) Risk Management

The Port is exposed to risks of loss in the areas of damage to and destruction of assets, injuries to employees and natural disasters. These risks of loss are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

CENTRAL LOUISIANA REGIONAL PORT
Alexandria, Louisiana

Notes to Basic Financial Statements

(8) Concentrations - Revenue

For the year ending April 30, 2018, the Port received 60% of its total operating revenue from four customers. Of those four customers, three accounted for 40%, 25%, and 20%, respectively, of the total lease income received and the remaining customer accounted for 90% of the total rent income received.

(9) Litigation

There is no pending litigation against the Central Louisiana Regional Port at April 30, 2018.

(10) New Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases. The statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after December 15, 2019. The effect of implementation on the Port's financial statements has not yet been determined.

**INTERNAL CONTROL, COMPLIANCE
AND OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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

The Board of Commissioners
Central Louisiana Regional Port
Alexandria, 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 the business-type activities of the Central Louisiana Regional Port ("Port"), as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements and have issued our report thereon dated September 12, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port's internal control over financial reporting (internal control) 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 Port's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port'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 Port's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency as item numbered 2018-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Port'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*.

The Central Louisiana Regional Port's Response to Findings

The Port's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The Port'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
September 12, 2018

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Commissioners
Central Louisiana Regional Port
Alexandria, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Central Louisiana Regional Port's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Central Louisiana Regional Port's major federal programs for the year ended April 30, 2018. The Central Louisiana Regional Port's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Central Louisiana Regional Port's major federal program is based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Central Louisiana Regional Port's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Central Louisiana Regional Port's compliance.

Opinion on Each Major Federal Program

In our opinion, the Central Louisiana Regional Port complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2018.

Report on Internal Control over Compliance

Management of Central Louisiana Regional Port is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Central Louisiana Regional Port's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Central Louisiana Regional Port's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
September 12, 2018

CENTRAL LOUISIANA REGIONAL PORT
Alexandria, Louisiana

Schedule of Expenditures of Federal Awards
Year ended April 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Name</u>	<u>CFDA Number</u>	<u>Expenditures</u>
United States Department of Commerce Economic Adjustment Assistance	11.307	<u>\$ 1,050,647</u>

The accompanying notes are an intergral part of this schedule

CENTRAL LOUISIANA REGIONAL PORT
Alexandria, Louisiana

Notes to Schedule of Expenditures of Federal Awards

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the federal grant activity of the Central Louisiana Regional Port (the Port). The Port's reporting entity is defined in Note 1 to the basic financial statements for the year ended April 30, 2018. All federal financial assistance received directly from federal agencies is included on the schedule.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Port's financial statements.

(3) Indirect Cost Rate

The Port has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

CENTRAL LOUISIANA REGIONAL PORT
Alexandria, Louisiana

Schedule of Findings and Questioned Costs
Year Ended April 30, 2018

Part I. Summary of Auditor's Results:

1. An unmodified report was issued on the basic financial statements
2. One significant deficiency in internal control was disclosed by the audit of the basic financial statements.
3. No instances of noncompliance material to the financial statements which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed by the audit of the financial statements.
4. No significant deficiencies or material weaknesses in internal control over the major program were disclosed by the audit.
5. An unmodified opinion was issued on compliance for the major programs.
6. The audit disclosed no findings required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance.
7. The major program was:
 United States Department of Commerce
 Economic Adjustment Assistance, CFDA 11.307
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The auditee did not qualify as a low-risk auditee.

CENTRAL LOUISIANA REGIONAL PORT
Alexandria, Louisiana

Schedule of Findings and Questioned Costs
Year Ended April 30, 2018

Part II. Findings which are required to be reported in accordance with generally accepted governmental auditing standards:

A. Internal Control Findings –

See internal control findings 2018-001 on the schedule of current and prior year audit findings and management's corrective action plan.

B. Compliance Findings –

There are no findings of compliance required to be reported under the above guidance.

Part III. Findings and questioned costs for Major Federal awards in accordance with 2 CFR section 200 of the Uniform Guidance:

There are no findings and questioned costs related to federal programs that are required to be reported under the above guidance.

CENTRAL LOUISIANA REGIONAL PORT

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended April 30, 2018

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2018-001 Inadequate Segregation of Functions

CONDITION: The Central Louisiana Regional Port did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C §315.04, Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement, defines internal control as follows:

"Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations."

CAUSE: The cause of the condition is the fact that the Port does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

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

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Blake Cooper, Executive Director, will address areas where segregation of duties issues arise and will implement additional controls into their policies and procedures to address those issues.

CENTRAL LOUISIANA REGIONAL PORT

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended April 30, 2018

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2017-001 Inadequate Segregation of Functions

CONDITION: The Central Louisiana Regional Port did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See 2018-001.



Central Louisiana Regional Port respectfully submits the following corrective action plan for the year ended April 30, 2018.

Audit conducted by:

Kolder, Slaven & Company, LLC
1428 Metro Drive
Alexandria, LA 71301

Audit Period: Fiscal year ended April 30, 2018

The findings from the April 30, 2018 schedule of findings and questioned costs are discussed below. The finding is numbered consistently with the number assigned in the schedule.

FINDING – FINANCIAL AUDIT

Significant Deficiency

2018-001 **RECOMMENDATION:** Management should evaluate the cost vs. benefit of complete segregation and whenever possible should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

MANAGEMENT’S CORRECTIVE ACTION PLAN: Blake Cooper, Executive Director, will address areas where segregation of duties issues arise and will implement additional controls into their policies and procedures to address those issues.

If there are questions regarding the plan, please call Blake Cooper, Executive Director, at 318-473-1848.

Sincerely,

Blake Cooper
Executive Director

CENTRAL LOUISIANA REGIONAL PORT
Alexandria, Louisiana

Agreed-Upon Procedures Report

Period Ended April 30, 2018

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Norman Welch, President
and Commissioners of the Central Louisiana Regional Port,
Central Louisiana Regional Port, and the
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Central Louisiana Regional Port 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 May 1, 2017 through April 30, 2018. The Central Louisiana Regional Port'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. We obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.

- d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board or Finance Committee

- 2. We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) We observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, we observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

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

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections

4. Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
 7. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtained supporting documentation for each of the 10 deposits and:
 - a) Observed that receipts are sequentially pre-numbered.
 - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Traced the deposit slip total to the actual deposit per the bank statement.
 - d) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Traced the actual deposit per the bank statement to the general ledger.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
- a) Observed that the disbursement matched the related original invoice/billing statement.
 - b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

11. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.
12. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
- a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

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

14. Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. Obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observed that the original contract terms provided for such an amendment.
 - d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

16. Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly selected one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtained attendance records and leave documentation for the pay period, and:
 - a) Observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observed that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly selected two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employee/officials' cumulate leave records, and agreed the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtained ethics documentation from management, and:
 - a. Observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

- 21. Obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.

- 22. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.

Other

- 23. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

- 24. Observed that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings:

Board:

The Central Louisiana Regional Port's board did not meet with a quorum on a monthly basis.

Collections:

For one of the items tested, we could not determine the collection date of the receipt which did not allow us to determine if the receipt was deposited timely.

The person responsible for collecting cash is also responsible for preparing and making the deposit.

Management's Response:

Management of the Central Louisiana Regional Port concurs with the exceptions and is working to address the deficiencies identified.

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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
September 12, 2018