

TWIN PARISH PORT DISTRICT

Delcambre, Louisiana

Financial Report

Years Ended December 31, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Twin Parish Port District
P.O. Box 101
Delcambre, Louisiana 70528-0101

Report on the Financial Statements

We have audited the accompanying financial statements of the Twin Parish Port District of Delcambre, Louisiana, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 financial position of Twin Parish Port District of Delcambre, Louisiana, as of December 31, 2018 and 2017, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 18, 2019 on our consideration of the District's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Dawall, Sikes & Frederick

A Corporation of Certified Public Accountants

Delcambre, Louisiana

June 18, 2019

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Statements of Net Position
December 31, 2018 and 2017

	2018	2017
ASSETS		
Cash	\$ 799,857	\$ 646,332
Restricted cash	8,892	36,789
Receivables	560,534	545,482
Prepaid expenses	13,573	9,215
Total current assets	1,382,856	1,237,818
 Fixed Assets		
Property, plant and equipment	7,374,375	7,374,375
Less accumulated depreciation	(1,399,348)	(1,218,334)
	5,975,027	6,156,041
Total Assets	7,357,883	7,393,859
 LIABILITIES		
Accounts payable	210	1,111
Accrued expenses	5,649	1,775
Bond payable, due currently	178,000	172,000
Total current liabilities	183,859	174,886
 Noncurrent Liabilities		
Bond payable	210,455	383,455
Total Liabilities	394,314	558,341
 NET POSITION		
Net invested in capital assets	5,586,572	5,600,586
Restricted for debt service	8,892	36,789
Unrestricted	1,368,105	1,198,143
Total Net Position	\$ 6,963,569	\$ 6,835,518

The accompanying notes are an integral part of this statement.

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2018 and 2017

OPERATING REVENUES:	2018	2017
Leases and rents	\$ 86,563	\$ 121,075
Program income	<u>47,975</u>	<u>39,249</u>
Total operating revenues	<u>134,538</u>	<u>160,324</u>
OPERATING EXPENSES:		
Accounting and audit fees	19,000	15,500
Depreciation	181,014	176,325
Dock master	-	1,900
Dues and subscriptions	4,274	4,520
Insurance	12,468	9,602
Interest	25,328	30,052
Marketing expense	82,603	33,742
Miscellaneous	1,585	15,015
Office expense	6,950	7,866
Outside services	11,451	6,420
Payroll taxes	16,658	16,925
Port director	69,131	54,978
Professional fees	1,070	4,744
Program registration	1,800	1,800
Rent	10,370	9,750
Repairs and maintenance	29,075	40,377
Salaries	81,915	88,092
Supplies	36,099	12,205
Telephone	5,477	5,612
Travel	6,983	4,820
Utilities	24,987	20,460
Website maintenance	<u>8,126</u>	<u>4,574</u>
Total operating expenses	<u>636,364</u>	<u>565,279</u>
Operating loss	<u>(501,826)</u>	<u>(404,955)</u>
NON-OPERATING REVENUES (EXPENSES):		
Ad valorem taxes	552,590	493,851
Federal grants	77,254	62,016
Interest income	33	43
Miscellaneous	<u>-</u>	<u>803</u>
Total non-operating revenues	<u>629,877</u>	<u>556,713</u>
Change in net position	128,051	151,758
Total net position, beginning of year	<u>6,835,518</u>	<u>6,683,760</u>
Total net position, end of year	<u>\$ 6,963,569</u>	<u>\$ 6,835,518</u>

The accompanying notes are an integral part of this statement.

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 138,412	\$ 159,367
Payments to suppliers	(377,088)	(268,723)
Payments to employees	<u>(98,573)</u>	<u>(105,017)</u>
Net cash used by operating activities	<u>(337,249)</u>	<u>(214,373)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal grant	77,254	62,820
Receipts from ad valorem tax	<u>552,590</u>	<u>493,851</u>
Net cash provided by noncapital financing activities	<u>629,844</u>	<u>556,671</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	-	(40,464)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(40,464)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in restricted cash	27,897	(3,300)
Payments on tax bond	(167,000)	(164,700)
Interest received on interest bearing deposits	<u>33</u>	<u>43</u>
Net cash used by investing activities	<u>(139,070)</u>	<u>(167,957)</u>
 Net change in cash and cash equivalents	153,525	133,877
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>646,332</u>	<u>512,455</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 799,857</u>	<u>\$ 646,332</u>
 Reconciliation of Operating Loss to Net Cash		
Used by Operating Activities:		
Operating loss	\$ (501,826)	\$ (404,955)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation	181,014	176,325
Change in receivables	(15,052)	25,255
Change in prepaid expenses	(4,358)	(5,263)
Change in payroll taxes payable	3,874	(1,760)
Change in accounts payable	<u>(901)</u>	<u>(3,975)</u>
Net cash used by operating activities	<u>\$ (337,249)</u>	<u>\$ (214,373)</u>

The accompanying notes are an integral part of this statement.

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Notes to Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Twin Parish Port District (District) is centrally divided between Iberia and Vermilion Parish and includes Vermilion bay. The District has a separate appointed board and provides services to residents within its geographic boundaries. The accounting and reporting policies of the District have been prepared in conformity with generally accepted accounting principles as applied to governmental units. Such accounting and reporting procedures also conform to the guides set forth in the industry audit guide, *Audits of State and Local Governmental Units* and the *Louisiana Governmental Audit Guide*. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

Financial Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the District. There are no component units of the District.

Fund Accounting

The accounts of the District are organized and operated on a fund basis whereby a separate self-balancing set of accounts that comprise its assets, liabilities, net assets, revenues and expenses is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or regulations. The District is presented in the accompanying financial statements as follows:

PROPRIETARY FUND –

The focus of Enterprise fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Enterprise fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. 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 District are leases and rents. The operating cost of the enterprise fund is all costs associated with the operation of the District. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Net Position

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

- a. Net Invested in capital assets – Consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The District used restricted assets only when unrestricted assets are fully depleted.

Measurement Focus/Basis of Accounting

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

The Enterprise fund utilized an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Encumbrance Accounting

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not employed by the District.

Cash and Interest-Bearing Deposits

Cash represents non interest-bearing demand deposits.

Interest-bearing deposits include interest-bearing demand deposits and short-term time deposits. These interest-bearing deposits are stated at cost which approximates market.

Under state law, the District may deposit funds with a fiscal 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. Further, the District may invest in time deposits or certificates-of-deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

For the purpose of the statement of cash flows, the District considers only interest-bearing deposits with an initial maturity date of 90 days or less and all non-interest-bearing demand deposits to be cash and cash equivalents.

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets

Fixed assets used in the proprietary fund type operations are valued at historical costs. Depreciation of all exhaustible fixed assets used by the proprietary fund type operations is charged as an expense against operations. Fixed assets on the balance sheet are net of accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the various assets as follows:

Machinery and Equipment	5-10 years
Improvements	20-40 years

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against operations. Depreciation expense for the years ended December 31, 2018 and 2017 were \$181,014 and \$176,325, respectively.

Use of Estimates

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

Compensated Absences

The District does not have a formal policy on vacation and sick leave. Annual vacation and sick leave are granted at the discretion of the Board.

Change in Accounting Principle

The District adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 introduced and defined deferred outflows of resources and deferred inflows of resources as consumption and an acquisition, respectively, of net assets by the government that is applicable to a future reporting period. The District has no deferred inflows and outflows for the years ended December 31, 2018 and 2017.

Subsequent Events

Management has evaluated events subsequent to the balance sheet date through June 18, 2019, the date the financial statements were available to be issued.

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Notes to Financial Statements

NOTE 2 CASH AND INTEREST-BEARING DEPOSITS

As reflected, the District has cash and interest-bearing deposits (bank balances) as follows:

	2018	2017
Unrestricted:		
Demand deposits	\$ 797,903	\$ 644,337
Petty cash	1,954	1,995
	799,857	646,332
Restricted for Debt Service:		
Demand deposits	8,892	36,789
Total cash and cash equivalents	\$ 808,749	\$ 683,121

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or 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. Deposit balances (bank balances) are secured as follows:

	2018	2017
Accounts bank balances	\$ 812,575	\$ 685,837
Federal deposit insurance	250,000	250,000
Balance uninsured	562,575	435,837
Pledged securities (category 3)	1,158,449	693,298
Excess FDIC insurance and pledged securities over cash and investments	\$ (595,874)	\$ (257,461)

Pledged securities in Category 3 include uninsured or unregistered investments for which the securities are held by the pledging institution, or by its trust department or agent, but not in the District's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 ACCOUNTS RECEIVABLE

The District uses the direct write-off method. Expense is recognized during the period in which a specific account is determined to be uncollectible. The District believes this procedure does not result in a material difference from the valuation method required by generally accepted accounting principles.

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Notes to Financial Statements

NOTE 4 PROPERTY PLANT AND EQUIPMENT

A summary of changes in the proprietary fund type property, plant and equipment for the year ended December 31, 2018 is as follows:

	Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018
Land	\$ 850,886		\$ -	\$ 850,886
Land improvements	6,445,586	-	-	6,445,586
Equipment	68,328		-	68,328
Construction in progress	<u>9,575</u>	<u>-</u>	<u>-</u>	<u>9,575</u>
	7,374,375	-	-	7,374,375
Accumulated depreciation	<u>(1,218,334)</u>	<u>(181,014)</u>	<u>-</u>	<u>(1,399,348)</u>
Net property, plant and equipment	<u>\$ 6,156,041</u>	<u>\$ (181,014)</u>	<u>\$ -</u>	<u>\$ 5,975,027</u>

NOTE 5 LONG TERM DEBT

	2018	2017
Limited Tax Certificate of Indebtedness, Series 2010, for \$1,500,000, issued April 15, 2010, at a rate of 4.0%, currently 4.25 %through and including February 28, 2015. From March 1, 2015 till paid in full, the rate will be the "Prime Rate" plus 0.75%, not to exceed 8.0%, principal payments beginning March 2011, with final payment due February 2020, collateralized by an irrevocable pledge and dedication of the funds to be derived by the District from the levy and collection of the special tax of 4.00 mills levied in the years 2010 through 2019.	\$ 388,455	\$ 555,455
Less current maturities	<u>178,000</u>	<u>172,000</u>
	<u>\$ 210,455</u>	<u>\$ 383,455</u>

The following is a summary of changes in general long-term debt for the year ended December 31, 2018:

	Balance 12/31/2017	Bond Proceeds	Principal Payments	Balance 12/31/2018
Certificate of Indebtedness	<u>\$ 555,455</u>	<u>\$ -</u>	<u>\$ 167,000</u>	<u>\$ 388,455</u>

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Notes to Financial Statements

NOTE 5 LONG TERM DEBT (Continued)

The annual requirements to amortize debt outstanding at December 31, 2018, including interest payments are as follows:

Fiscal Year Ending December 31,	Principal	Interest
2019	178,000	19,000
2020	210,455	4,000
Total principal payments	\$ 388,455	\$ 23,000

NOTE 6 AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. These taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. During the year ended December 31, 2018, the District was authorized, and levied, a 5.00 mill ad valorem tax.

NOTE 7 LITIGATION

There is a litigation pending against the District at December 31, 2018. It is expected there is sufficient insurance to cover the defense and claim with no exposure to the Port District.

NOTE 8 COMPENSATION PAID TO MEMBERS OF THE BOARD OF COMMISSIONERS

The commissioners of the District receive no compensation.

SUPPLEMENTARY INFORMATION

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana
Schedule of Compensation, Benefits and Other Payments to Agency Head
Year Ended December 31, 2018

Port Director: Wendell R. Verret

Salary	\$ 57,454
Conference Registration	5,688
Travel	<u>5,989</u>
	<u>\$ 69,131</u>

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER GRANT INFORMATION**



**DARNALL SIKES
& FREDERICK**

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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*

Board of Commissioners
Twin Parish Port District
Delcambre, 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 the business-type activities of Twin Parish Port District (the District) of Delcambre, Louisiana as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 18, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2018-001 that we consider to be a material weakness.

Compliance and Other Matters

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

District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Dunnell, Sikes & Frederick

A Corporation of Certified Public Accountants

Delcambre, Louisiana
June 18, 2019

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Schedule of Prior Year Audit Findings
Year Ended December 31, 2018

2017-1 Findings: Segregation of Duties

The District does not segregate the duties of recording transactions, custody of assets, and authorization of transactions.

Status: This finding is unresolved. See current year finding 2018-001.

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Schedule of Findings and Responses
Year Ended December 31, 2018

SECTION 1 SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Auditor's Report

An unmodified opinion has been issued on the Twin Parish Port District's financial statements as of and for the year ended December 31, 2018.

Deficiencies and Material Weakness in Internal Control – Financial Reporting

There was one material weakness in internal control over financial reporting disclosed during the audit of the financial statement which is shown as item 2018-001 in Section 2 below.

Material Noncompliance – Financial Reporting

There were no instances of noncompliance noted during the audit of the financial statements.

FEDERAL AWARDS

Major Program Identification

This section is not applicable for the year ended December 31, 2018.

SECTION 2 FINDINGS RELATING TO THE AUDIT IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

2018-001 Segregation of Duties

Criteria: Effective internal controls require adequate segregation of duties to allow for prevention and detection of errors and possible misappropriation of funds.

Condition: Due to the limited number of personnel, one individual is responsible for all the key functions of the Port.

Cause: Due to the small number of personnel, the Twin Parish Port District did not have adequate segregation of duties within the accounting department.

Effect: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: Based on the size of the operation and the cost benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Schedule of Findings and Responses (Continued)
Year Ended December 31, 2018

SECTION 3 FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL PROGRAMS

At December 31, 2018, the Twin Parish Port District did not meet the requirements to have a single audit in accordance with OMB Uniform Guidance; therefore, this section is not applicable.

SECTION 4 MANAGEMENT LETTER

The auditor did not issue a management letter this year.

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Management's Corrective Action Plan for Current Year Findings
Year Ended December 31, 2018

Response to Finding 2018-001:

No response is considered necessary.



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Mr. Wendell R. Verret
Twin Parish Port Commission
Delcambre, LA

We have performed the procedures enumerated below, which were agreed to by Twin Parish Port Commission (Entity), 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 year ended December 31, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

No exceptions noted during the fiscal year ended December 31, 2017 AUP engagement, therefore this section is excluded from testing this fiscal year.

Board (or Finance Committee, if applicable)

No exceptions noted during the fiscal year ended December 31, 2017 AUP engagement, therefore this section is excluded from testing this fiscal year.

Bank Reconciliations

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

Obtained a listing of client bank accounts from management and management provided representation that the listing is complete.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Bank reconciliations did include evidence that they were prepared within 2 months of the related statement closing date.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged)

Bank reconciliations did include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

- 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.

There are no reconciling items that have been outstanding for more than 12 months on the bank reconciliations.

Collections

No exceptions noted during the fiscal year ended December 31, 2017 AUP engagement, therefore this section is excluded from testing this fiscal year.

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

2. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Obtained listing of disbursements and management provided representation that the listing is complete.

3. For each location selected under #2 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Observed that two employees are involved in the processes noted above.

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

Observed that two employees are involved in the processes noted above.

- 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.

Observed that the employee responsible for processing payments is allowed access to add/modify vendor files, but 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.

Observed that the employee responsible for signing and mailing checks are not responsible for processing payments.

- 4. For each location selected under #2 above, obtain the District's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

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

For each selected disbursement, observed that the disbursement matched the related original invoice/billing statement.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #3, as applicable.

For each selected disbursement, observed that the disbursement documentation included evidence of segregation of duties tested under #3, as applicable.

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

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

Obtained listing of all active credit cards and management provided representation that the listing is complete.

- 6. Using the listing prepared by management, randomly select 5 cards (or at least one-third of the cards if the Entity has less than 5 cards) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]:

Examined supporting documentation for the monthly statements selected noting the statement did not have written evidence of being reviewed and approved.

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

The Entity did not incur finance charges and/or late fees on the selected statements.

- 7. Using the monthly statements or combined statements selected under #6 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased):

Each transaction was supported by an original itemized receipt.

- Documentation of the business/public purpose:

Each transaction was supported by documentation of the business/public purpose.

- Documentation of the individuals participating in meals (for meal charges only):

Each transaction was supported by appropriate documentation.

Travel and Expense Reimbursement

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

Obtained listing of travel and expense reimbursements, by person, and management provided representation that the listing is complete.

- a) If reimbursed using a per diem, report whether the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov):

No exceptions noted.

- b) If reimbursed using actual costs, report whether the reimbursement is supported by original itemized receipt that identifies precisely what was purchased:

No exceptions noted.

- c) Report whether each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy:

No exceptions noted.

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

Examined supporting documentation for each expense reimbursement selected noting the reimbursement did not have written evidence being reviewed and approved.

Contracts

No exceptions noted during the fiscal year ended December 31, 2017 AUP engagement, therefore this section is excluded from testing this fiscal year.

Payroll and Personnel

No exceptions noted during the fiscal year ended December 31, 2017 AUP engagement, therefore this section is excluded from testing this fiscal year.

Ethics (excluding nonprofits)

9. Using the 5 randomly selected employees/officials, obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Observed that the five employees selected completed one hour of ethics training during the fiscal period.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

There was no documentation provided that two employees attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service (excluding nonprofits)

No exceptions noted during the fiscal year ended December 31, 2017 AUP engagement, therefore this section is excluded from testing this fiscal year.

Other

No exceptions noted during the fiscal year ended December 31, 2017 AUP engagement, therefore this section is excluded from testing this fiscal year.

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.

This 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.

Dannall, Sikes, & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana

June 10, 2019



June 10, 2019

Darnall, Sikes & Frederick
P.O. Drawer 1048
Eunice, LA 70535

The following is management's response to the 2018 AUP report submitted for Twin Parish Port Commission.

BANK CARDS

6. a) Written evidence of monthly statements being reviewed and approved.

Response:

All bills are reviewed and approved by the Port Commission at each monthly meeting and reflected in the minutes.

TRAVEL AND EXPENSE REIMBURSEMENTS

8. d) Written evidence of expense reimbursement being reviewed and approved.

Response:

All bills are reviewed and approved by the Port Commission at each monthly meeting and reflected in the minutes.

ETHICS

9. b) Signature verification that employees read the entity's ethics policy.

Response:

The signature verification that employees read the entity's ethics policy of all employees are provided per supplemental responses.

Sincerely,

Twin Parish Port Commission

Wendell R. Verret
Port Director

wverret@PortOfDelcambre.com