

**LAKE PROVIDENCE PORT COMMISSION**  
**Lake Providence, Louisiana**

**Annual Financial Statements**  
**With Independent Auditor's Report**  
**As of and for the Year Ended**  
**December 31, 2018**

LAKE PROVIDENCE PORT COMMISSION  
 Lake Providence, Louisiana  
 Annual Financial Statements  
 With Independent Auditor's Report  
 As of and for the Year Ended  
 December 31, 2018

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Practice Limited to  
Governmental Accounting,  
Auditing and  
Financial Reporting

## **Independent Auditor's Report**

BOARD OF COMMISSIONERS  
LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the business-type activities, the major fund and aggregate remaining fund information of the Lake Providence Port Commission, a component unit of the East Carroll Parish Police Jury, as of December 31, 2018, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Port Commission'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***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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 Port Commission'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 Port Commission's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## LAKE PROVIDENCE PORT COMMISSION

Lake Providence, Louisiana  
Independent Auditor's Report,  
December 31, 2018

### ***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the major fund information and the aggregate remaining fund information of the Lake Providence Port Commission as of December 31, 2018, and the respective changes in financial position, and, where applicable, 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, the Schedule of Employer's share of the Net Pension Liability, and the Schedule of Employer Contributions, as listed in the table of contents, 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. I 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 managements's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Lake Providence Port Commission's basic financial statements. The accompanying schedule of compensation, benefits and other payments to agency head on page 33 is presented for the purpose of additional analysis and is not a required part of the financial statements.

This schedule is the responsibility of management and was derived from and relates 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 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 my opinion, the schedule of compensation, benefits and other payments is fairly stated, in all material respects, in relation to the basic financial statements.

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

In accordance with *Government Auditing Standards*, I have also issued a report dated June 27, 2019, on my consideration of the Lake Providence Port Commission's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with

LAKE PROVIDENCE PORT COMMISSION

Lake Providence, Louisiana  
Independent Auditor's Report,  
December 31, 2018

*Government Auditing Standards* in considering the Lake Providence Port Commission's internal control over financial reporting and compliance.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Louisiana Legislative Auditor, I have issued a report, dated June 27, 2019, on the results of my statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.



West Monroe, Louisiana  
June 27, 2019

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana

**Management's Discussion and Analysis**  
December 31, 2018

As management of the Lake Providence Port Commission, I offer readers of the Lake Providence Port Commission's financial statements this narrative overview and analysis of the financial activities of the Lake Providence Port Commission for the fiscal year ended December 31, 2018. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**Overview of the Financial Statements**

This Management Discussion and Analysis document introduces the Port's basic financial statements.

Under GASB Statement No. 34, "government-wide" financial statements are to distinguish between functions of the Port that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Because the port commission only engages in "business-type" activities, government-wide financials are not presented. Only the fund financial statements of the Enterprise Fund are presented as the port commission's basic financial statements.

The port commission's basic financial statements are comprised of two components: 1) Enterprise Fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include only the financial activities of the Lake Providence Port Commission and can be found on pages 12 and 13 of this report.

***Fund financial statements.*** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Lake Providence Port Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As noted above, the port commission only engages in "business-type" activities and therefore only presents one type of fund - "Proprietary Funds". These fund financial statements are presented as the basic financial statements of the port commission.

***Proprietary funds.*** The port commission maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities. The Enterprise Fund financial statements present information on the port commission's general operations.

As noted above, the basic proprietary fund financial statements can be found on pages 12 and 13 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Lake Providence Port Commission's performance.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Lake Providence Port Commission exceeded liabilities by \$26,558,971. Approximately 99% of the Lake Providence Port Commission's net position reflects its investment in capital assets (e.g., property, plant, and equipment), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending.

STATEMENT OF NET POSITION		2018	2017
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents		\$104,563	\$86,525
Receivables		264,971	248,599
Other assets		250	250
Total current assets		369,784	335,374
Restricted assets:			
Cash and cash equivalents		203,135	185,700
Property, plant, and equipment (net of accumulated depreciation)		29,320,103	29,837,870
TOTAL ASSETS		29,893,022	30,358,944
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related		49,289	359,534
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		\$29,942,311	\$30,718,478
<b>LIABILITIES</b>			
Liabilities:			
Current liabilities payable from current assets:			
Accounts payable		\$6,184	\$1,057
Payroll payable		15,025	15,025
Payroll taxes payable		4,879	4,625
Accrued interest payable		45,081	50,755
Net pension liability		614,271	658,060
Current portion of long-term debt		345,000	335,000
Total current liabilities payable from current assets		1,030,440	1,064,522
Long-term liabilities:			
Taxable Revenue Bonds		625,000	730,000
Certificates of Indebtedness		1,705,000	1,945,000
TOTAL LIABILITIES		3,360,440	3,739,522
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related		22,900	80,145

**NET POSITION**

Invested in capital assets, net of related debt	\$26,645,123	\$26,827,870
Reserved	203,135	185,700
Unreserved - undesignated	<u>(289,287)</u>	<u>(114,759)</u>
Total Fund Equity	<u>26,558,971</u>	<u>26,898,811</u>
<b>TOTAL NET POSITION</b>	<b><u>\$29,942,311</u></b>	<b><u>\$30,718,478</u></b>

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION**

	<u>2018</u>	<u>2017</u>
<b>OPERATING REVENUES</b>		
Use of money and property - leases	<u>\$968,973</u>	<u>\$1,255,611</u>
<b>OPERATING EXPENSES</b>		
Salaries and fringe benefits	308,252	296,186
Professional services	82,469	20,539
Advertising	442	778
Utilities	6,745	5,803
Telephone	3,983	3,893
Insurance	2,590	2,729
Materials and supplies	3,775	2,448
Travel	15,366	15,023
Dues and subscriptions	15,419	11,560
Repairs and maintenance	50,466	17,699
Depreciation	619,768	601,769
Other operating expenses	4,901	6,758
Total operating expenses	<u>1,114,176</u>	<u>985,185</u>
<b>OPERATING INCOME</b>	<u>(145,203)</u>	<u>270,426</u>
<b>NON-OPERATING REVENUES (Expenses)</b>		
Federal grant		
Ad valorem taxes	159,191	154,322
State revenue sharing	3,251	3,809
Interest income	2,353	1,716
Interest expense	(146,572)	(162,917)
Other non-operating income	2,219	36,094
Other non-operating expenses	<u>(46,344)</u>	<u>(17,859)</u>
Total General Revenues	<u>(25,902)</u>	<u>15,165</u>
<b>NET INCOME BEFORE CONTRIBUTIONS</b>	<u>(171,105)</u>	<u>285,591</u>
Capital contributions		<u>165,029</u>
<b>CHANGE IN NET POSITION</b>	<u>(171,105)</u>	<u>450,620</u>
<b>NET POSITION AT BEGINNING OF YEAR AS RESTATED</b>	<u>26,730,076</u>	<u>26,448,191</u>
<b>NET POSITION AT END OF YEAR</b>	<b><u>\$26,558,971</u></b>	<b><u>\$26,898,811</u></b>

**Capital Asset and Debt Administration**

**Capital assets.** The port commission's investment in capital assets for its governmental activities as of December 31, 2018, amounts to \$29,320,103 (net of accumulated depreciation and related debt). This investment includes land, buildings, improvements other than buildings, equipment, vehicles and construction in progress. The port commission's investment in capital assets increased by \$102,001, which consists of construction in progress for the year and no deletions for the year.

**Long-term debt.** The port commission issued Taxable Revenue Bonds in 2014 for the purpose of repairing, rehabilitating or extending the rail lines owned by the port. At December 31, 2018, the amount of outstanding debt was \$730,000. During 2018, the Port made principal payments \$100,000 on these bonds.

The port commission issued Certificates of Indebtedness in 2011 for the purpose of financing the costs of the acquisition, construction, and equipping of general capital improvements at the port. At December 31, 2018, there was an outstanding debt amount of \$1,945,000 for these certificates. During 2018, the Port made principal payments \$235,000 on these certificates.

At the end of the fiscal year, Lake Providence Port Commission had a net pension liability of \$614,241.

### **Requests for Information**

This financial report is designed to provide a general overview of the Lake Providence Port Commission's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Lake Providence Port Commission, 409 Port Road, Lake Providence, LA 71254.

June 27, 2019

**BASIC FINANCIAL STATEMENTS  
(OVERVIEW)**

LAKE PROVIDENCE PORT COMMISSION  
 Lake Providence, Louisiana  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 Statement of Net Position  
 December 31, 2018

**ASSETS**

## Current assets:

Cash	\$104,563
Receivables	264,971
Other assets	250
Total current assets	<u>369,784</u>

## Restricted assets:

Cash and cash equivalents	203,135
Property, plant, and equipment (net of accumulated depreciation)	<u>29,320,103</u>

**TOTAL ASSETS**29,893,022**DEFERRED OUTFLOW OF RESOURCES**

## Pension related

49,289**TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES**\$29,942,311**LIABILITIES AND FUND EQUITY**

## Liabilities:

## Current liabilities payable from current assets:

Accounts payable	\$6,184
Payroll payable	15,025
Payroll taxes payable	4,879
Accrued interest payable	45,081
Net pension liability	614,271

## Current portion of long-term debt:

Taxable Revenue Bonds	105,000
Certificates of Indebtedness	240,000

## Total current liabilities payable from current assets

1,030,440

## Long-term liabilities -

Taxable Revenue Bonds	625,000
Certificates of Indebtedness	1,705,000

## Total liabilities

3,360,440**DEFERRED INFLOWS OF RESOURCES**

## Pension related

22,900

## Net Position:

Invested in capital assets, net of related debt	26,645,123
Reserved	203,135
Unreserved - undesignated	<u>(289,287)</u>
Total net position	<u>26,558,971</u>

**TOTAL LIABILITIES AND FUND EQUITY**\$29,942,311

The accompanying notes are an integral part of this statement.

LAKE PROVIDENCE PORT COMMISSION  
 Lake Providence, Louisiana  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND

Statement of Revenues, Expenses, and  
 Changes in Fund Net Position  
 For the Year Ended December 31, 2018

<b>OPERATING REVENUES</b>	
Use of money and property - leases	<u>\$968,973</u>
<b>OPERATING EXPENSES</b>	
Salaries and fringe benefits	308,252
Professional services	82,469
Advertising	442
Utilities	6,745
Telephone	3,983
Insurance	2,590
Materials and supplies	3,775
Travel	15,366
Dues and subscriptions	15,419
Repairs and maintenance	50,466
Depreciation	619,768
Other operating expenses	4,901
Total operating expenses	<u>1,114,176</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(145,203)</u>
<b>NON-OPERATING REVENUES (Expenses)</b>	
Ad valorem taxes	159,191
State revenue sharing	3,251
Interest income	2,353
Interest expense	(146,572)
Other non-operating income	2,219
Other non-operating expenses	(46,344)
Total non-operating revenues (expenses)	<u>(25,902)</u>
<b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	(171,105)
<b>NET POSITION AT BEGINNING OF YEAR AS RESTATED</b>	<u>26,730,076</u>
<b>NET POSITION AT END OF YEAR</b>	<u><u>\$26,558,971</u></u>

The accompanying notes are an integral part of this statement.

LAKE PROVIDENCE PORT COMMISSION  
 Lake Providence, Louisiana  
 PROPRIETARY FUND TYPE -  
 ENTERPRISE FUND

Statement of Cash Flows  
 For the Year Ended December 31, 2018

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating Income (loss)	<u>(\$145,203)</u>
Adjustments to Reconcile Operating Income to Net Cash	
Provided (Used) by Operating Activities:	
Depreciation	619,768
Increase in receivables	(16,373)
Increase in payables	7
Total adjustments	<u>603,402</u>
Net cash provided by operating activities	<u>458,199</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(102,001)
Principal paid on long-term debt	(335,000)
Interest paid on long-term debt	(146,572)
Pension expense	40,476
Ad valorem tax proceeds	159,191
State revenue sharing	3,251
Other	<u>(44,424)</u>
Total cash flows from capital and related financing activities	<u>(425,079)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earnings	<u>2,353</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	35,473
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>272,225</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$307,698</u></u>

The accompanying notes are an integral part of this statement.

**LAKE PROVIDENCE PORT COMMISSION**  
Lake Providence, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended December 31, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Lake Providence Port Commission was created by Act 450 of the 1958 Session of the Louisiana Legislature as the governing authority of the Lake Providence Port, Harbor, and Terminal District. The board of commissioners consist of seven members; four appointed by the East Carroll Parish Police Jury, two by the Town of Lake Providence, and one elected by the six appointed members. The commissioners serve four year staggered terms without compensation.

**A. REPORTING ENTITY**

As the governing authority of the parish, for reporting purposes, the East Carroll Parish Police Jury is the financial reporting entity for East Carroll Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria determining which component units should be considered part of the East Carroll Parish Police Jury for financial reporting purposes. The general purpose criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.

LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana  
Notes to the Financial Statements (Continued)

2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints a voting majority of the commission's governing body, the agency was determined to be a component unit of the East Carroll Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds of the commission and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**B. FUND ACCOUNTING**

The Lake Providence Port Commission is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed primarily through user charges.

**C. BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The Enterprise Fund is reported in the accompanying financial statements on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana  
Notes to the Financial Statements (Continued)

**D. CAPITAL ASSETS AND LONG-TERM DEBT**

Capital assets of the commission are included on the statement of net position of the Enterprise Fund at cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. Depreciation is computed using the straight-line method over an estimated useful life of: 40-70 years for buildings and improvements other than buildings; 5 to 20 years for equipment; and 5 to 10 years for furniture and fixtures. Long-term debt is recognized within the Enterprise Fund.

**E. CASH AND CASH EQUIVALENTS**

Under state law, the commission 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 commission may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 2018, the commission has cash and cash equivalents (book balances) totaling \$307,698 as follows:

Demand deposits	\$285,070
Time deposits	<u>22,628</u>
Total	<u>\$307,698</u>

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, the 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 or exceed the amount on deposit with the fiscal agent. 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. 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 port commission that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the port commission's name. The port commission does not have a policy concerning custodial risk.

LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana  
Notes to the Financial Statements (Continued)

Cash and cash equivalents (bank balances) at December 31, 2018, are secured as follows:

Bank balances	<u>\$308,673</u>
Federal deposit insurance	\$308,673
Pledged securities (uncollateralized)	<u>326,044</u>
Total	<u>\$634,717</u>

**F. VACATION AND SICK LEAVE**

The director of the port commission earns from fourteen to twenty four days of cumulative vacation and sick leave per year depending on length of service.

**G. RISK MANAGEMENT**

The port commission is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, and injuries to employees and others. To handle such risk of loss, the port commission maintains insurance policies covering commercial property, professional liability, and workers compensation. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2018.

**H. CONTRIBUTED CAPITAL**

Grants received by the port commission that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired from such contributions.

**I. PENSION PLANS**

The Lake Providence Port Commission's Office is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 5. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for the plan's

## LAKE PROVIDENCE PORT COMMISSION

Lake Providence, Louisiana

### Notes to the Financial Statements (Continued)

fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

#### **J. EQUITY CLASSIFICATIONS**

In the government-wide statements, equity is classified as net position and displayed in three components:

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

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund financial statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

*Nonspendable* - represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana  
Notes to the Financial Statements (Continued)

*Restricted* - represents balances where constraints have been established by parties outside the Port Commission's or imposed by law through constitutional provisions or enabling legislation.

*Committed* - represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Port Commission's highest level of decision-making authority.

*Assigned* - represents balances that are constrained by the government's intent to be used for specific purposes, but are not restricted nor committed.

*Unassigned* - represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

The General Fund has an unassigned fund balance of \$26,558,971. If applicable, the Port Commission would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

**K. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**L. RESTATEMENT OF NET POSITION**

As of July 1, 2014, the port commission implemented Governmental Accounting Standards Board (GASB) Statement 68 *Accounting and Financial Reporting for Pensions-Amendment*

LAKE PROVIDENCE PORT COMMISSION  
 Lake Providence, Louisiana  
 Notes to the Financial Statements (Continued)

of GASB Statement 27, which resulted in a cumulative change in accounting principle and also a restatement of net position.

Errors were made during the GASB 68 calculation in the prior year. The net effect of the restatement to correct this error will be to decrease net position of the port commission by \$168,735.

The net effect to the Government-Wide Statement of Net Position is as follows:

Total Net Position, December 31, 2017, as previously stated	\$26,898,811
Net Change in OPEB & Net Pension Liability at December 31, 2018	<u>(168,735)</u>
Total Net Position, December 31, 2018, Restated	<u><u>\$26,730,076</u></u>

**2. LEVIED TAXES AND PRINCIPAL TAXPAYERS**

The port commission is authorized by voter approval to levy a 2.5 mill ad valorem tax in the parish for the purpose of carrying out its powers, including the payment of principal and interest on indebtedness incurred by the commission. The commission levied 3.57 mills for 2018. The difference between authorized and levied millages is the result of reassessments of taxable property in the parish as required by Article 7, Section 18 of the Louisiana Constitution of 1974. The following are the principal taxpayers for the parish and their 2018 assessed valuations:

	<u>2018 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Trunkline Gas Company	\$4,724,620	9.48%
Tennessee Gas Pipeline Company	2,837,770	5.69%
Myriant Lake Providence, Inc	2,088,142	4.19%
Columbia Gulf Transmission Co.	1,881,620	3.77%
Agspring Mississippi Region LLC	1,872,103	3.76%
Southern Natural Gas Company	1,531,520	3.07%
Terral Riverservice, Inc.	1,432,227	2.87%
Lansing Louisiana, LLC	1,198,949	2.41%
Nutrien Ag Solutions, LLC	1,116,948	2.24%
Entergy Louisiana, Inc.	<u>1,042,490</u>	<u>2.09%</u>
Total	<u><u>\$19,726,389</u></u>	<u><u>39.57%</u></u>

LAKE PROVIDENCE PORT COMMISSION  
 Lake Providence, Louisiana  
 Notes to the Financial Statements (Continued)

**3. RECEIVABLES**

The General Fund receivables of \$264,971 December 31, 2018, are as follows:

<u>Class of Receivables</u>	
Taxes - ad valorem	\$147,025
Intergovernmental - state funds - state revenue sharing (net)	3,408
Leases	114,538
Total	<u>\$264,971</u>

**4. CHANGES CAPITAL ASSETS**

The following presents changes in proprietary fund capital assets for the year ended December 31, 2018:

	<u>Balance at January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31</u>
Land	\$1,003,498			\$1,003,498
Buildings	2,930,797			2,930,797
Improvements other than buildings	32,705,184			32,705,184
Equipment	1,195,017			1,195,017
Construction in progress	1,005,901	\$102,001		1,107,902
Total	<u>\$38,840,397</u>	<u>\$102,001</u>	NONE	<u>\$38,942,398</u>
Less accumulated depreciation				(9,622,295)
Net capital assets				<u>\$29,320,103</u>

**5. NOTE DISCLOSURES AND REQUIRED SUPPLEMENTARY  
 INFORMATION FOR A COST-SHARING EMPLOYER**

The Louisiana Employees' Retirement System prepares its employer pension schedules in accordance with Governmental Accounting Statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. GASB Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. It provides methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense and amortization periods for deferred inflows and deferred outflows.

The System's employer pension schedules were prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee

## LAKE PROVIDENCE PORT COMMISSION

Lake Providence, Louisiana

### Notes to the Financial Statements (Continued)

is compensated for services performed. The member's earnable compensation is attributed to the employer for which the member is employed as of June 30, 2018.

#### ***Plan Fiduciary Net Position***

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues, and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

#### ***Plan Description.***

The System was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of La. R.S. 11:401, as amended for eligible state officers, employees and their beneficiaries. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

#### ***Pensions***

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana State Employees' Retirement System (LASERS) and additions to/deductions from LASERS' fiduciary net position have been determined on the same basis as they are reported by LASERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **General Information about the Pension Plan**

##### ***Plan Description***

Employees of the Lake Providence Parish Port Commission are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at [www.lasersonline.org](http://www.lasersonline.org).

##### ***Benefits Provided***

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

## LAKE PROVIDENCE PORT COMMISSION

Lake Providence, Louisiana

Notes to the Financial Statements (Continued)

### Retirement Benefits

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Our rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

## LAKE PROVIDENCE PORT COMMISSION

Lake Providence, Louisiana

### Notes to the Financial Statements (Continued)

Members of the Harbor Police Retirement System who were members prior to July 1, 2014, may retire after 25 years of creditable service at any age, 12 years of creditable service at age 55, 20 years of creditable service at age 45, and 10 years of creditable service at age 60. Average compensation for the plan is the member's average annual earned compensation for the highest 36 consecutive months of employment, with a 3.33% accrual rate.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

#### **Deferred Retirement Benefits**

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

For members who are in the Harbor Police Plan, the annual DROP Interest Rate is the three-year average (calculated as the compound average of 36 months) investment return of the plan assets for the period ending the June 30th immediately preceding that given date. The average rate so determined is to be reduced by a "contingency" adjustment of 0.5%, but not to below zero. DROP interest is forfeited if member does not cease employment after DROP participation.

#### **Disability Benefits**

Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

## LAKE PROVIDENCE PORT COMMISSION

Lake Providence, Louisiana

### Notes to the Financial Statements (Continued)

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

Members of the Harbor Police Retirement System who become disabled may receive a non-line of duty disability benefit after five years or more of credited service. Members age 55 or older may receive a disability benefit equivalent to the regular retirement benefit. Under age 55, the disability benefit is equal to 40% of final average compensation. Line of duty disability benefits are equal to 60% of final average compensation, regardless of years of credited service. If the disability benefit retiree is permanently confined to a wheelchair, or, is an amputee incapable of serving as a law enforcement officer, or the benefit is permanently legally binding, there is no reduction to the benefit if the retiree becomes gainfully employed.

#### **Survivor's Benefits**

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

Non-line of duty survivor benefits of the Harbor Police Retirement System may be received after a minimum of five years of credited service. Survivor benefits paid to a surviving spouse without children are equal to 40% of final average compensation, and cease upon remarriage. Surviving spouse with children under 18 benefits are equal to 60% of final average compensation, and cease upon remarriage, and children turning 18. No minimum service credit is required for line of duty survivor benefits which are equal to 60% of final average compensation to surviving spouse, regardless of children. Line of duty survivor benefits cease upon remarriage, and then benefit is paid to children under 18.

#### **Permanent Benefit Increases/Cost-of-Living Adjustments**

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

#### ***Contributions***

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers.

**LAKE PROVIDENCE PORT COMMISSION**

Lake Providence, Louisiana

Notes to the Financial Statements (Continued)

The agency's contractually required composite contribution rate for the year ended June 30, 2018 was 39% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Port Commission were \$45,906 for the year ended December, 31, 2018.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December, 31, 2018, the Port Commission reported a liability of \$614,271 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Port Commission's proportion of the Net Pension Liability was based on a projection of the Port Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December, 31, 2018, the Port Commission's proportion was 0.00901%, which was a decrease of 0.0003% from its proportion measured as of December, 31, 2017.

For the year ended December, 31, 2018, the Port Commission recognized pension expense of \$50,148 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$23,359.

At December, 31, 2018, the Port Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		(\$6,495)
Changes in assumptions	\$6,251	
Net difference between projected and actual earnings on pension plan	7,949	
Changes in employer's proportion of beginning NPL	2,059	15,758
Differences between employer and proportionate share of contributions		13,637
Subsequent measurement contributions	33,030	
Total	\$49,289	\$22,900

\$30,033 reported as deferred outflows of resources related to pensions resulting from Port Commission contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

LAKE PROVIDENCE PORT COMMISSION  
 Lake Providence, Louisiana  
 Notes to the Financial Statements (Continued)

Year ended December 31:	
2018	\$11,233
2019	(615)
2020	(15,012)
2021	(2,247)

**Actuarial assumptions.** The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	Range of 2.8% to 14.3%
Investment rate of return	7.65%, net of investment expense

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. Mortality rates based on the RP-2000 Disabled Retiree Mortality Table was selected for disabled annuitants with no projection for mortality improvement.

The discounted rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the systems actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**Sensitivity of the Commissions' proportionate share of the net pension liability to changes in the discount rate.** The following presents the net pension liability of the participating employers calculated using the discount rate of 7.65%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate.

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Commissions' proportionate share of the net pension liability	\$775,251	\$614,271	\$475,628

LAKE PROVIDENCE PORT COMMISSION  
 Lake Providence, Louisiana  
 Notes to the Financial Statements (Continued)

**6. LONG-TERM DEBT**

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

	Certificates of Indebtedness	Revenue Bonds	Total
Long-term debt payable at January 1, 2018	\$2,180,000	\$830,000	\$3,010,000
Additions			NONE
Reductions	(235,000)	(100,000)	(335,000)
Long-term debt payable at December 31, 2018	<u>\$1,945,000</u>	<u>\$730,000</u>	<u>\$2,675,000</u>

Long-term debt payable at December 31, 2018, is comprised of the following individual issues:

\$1,100,000 - Taxable Revenue Bonds issued April 29, 2014, are due in annual installments from \$85,000 to \$140,000 through December 1, 2024, with interest at 5.75 per cent per annum.	\$730,000
\$2,500,000 - Certificates of indebtedness issued September 15, 2011, are due in annual installments from \$160,000 to \$265,000 through September 1, 2025, with interest at 4.59 per cent per annum.	1,615,000
\$500,000 - Certificates of indebtedness issued September 15, 2011, are due in annual installments from \$30,000 to \$55,000 through September 1, 2025, with interest at 5.80 per cent per annum.	<u>330,000</u>
	<u>\$2,675,000</u>

The annual requirements to amortize all outstanding debt at December 31, 2018, including interest of \$545,070 is as follows:

Year	Series 2011A	Series 2011B	Series 2014	Interest	Total
2019	\$274,129	\$59,140	\$146,975	(\$135,244)	\$345,000
2020	274,949	56,820	145,938	(117,707)	360,000
2021	275,310	59,500	149,613	(99,423)	385,000
2022	275,212	56,890	147,712	(79,814)	400,000
2023	274,655	59,280	145,525	(59,460)	420,000
2024-2025	<u>550,802</u>	<u>119,570</u>	<u>148,050</u>	<u>(53,422)</u>	<u>765,000</u>
Total	<u>\$1,925,057</u>	<u>\$411,200</u>	<u>\$883,813</u>	<u>(\$545,070)</u>	<u>\$2,675,000</u>

**7. LITIGATION AND CLAIMS**

The Lake Providence Port Commission is not involved in any litigation at December 31, 2018, nor is it aware of any unasserted claims.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**

**Lake Providence Port Commission**  
**Schedule of Employer's Share of Net Pension Liability**  
**December 31, 2018**

Fiscal Year *	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.082900%	\$563,981	\$111,300	507.00%	65.00%
2016	0.009270%	\$728,010	\$230,615	316.00%	57.70%
2017	0.009350%	\$658,060	\$174,300	378.00%	62.50%
2018	0.009010%	\$614,271	\$174,300	352.00%	62.50%

\* - Amounts presented were determined as of the measurement date (previous fiscal year end.)

Note - This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Lake Providence Port Commission  
Schedule of Employer Contributions  
December 31, 2018**

Fiscal Year *	Contractually Required Contribution	Contributions in Relations to Contractual Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2015	\$37,139	\$37,139	\$0	\$111,300	33.40%
2016	\$88,219	\$88,219	\$0	\$230,615	38.30%
2017	\$62,399	\$62,399	\$0	\$174,300	35.80%
2018	\$66,060	\$66,060	\$0	\$174,300	37.90%

\* - Amounts presented were determined as of the end of the fiscal year.

Note - This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the Year Ended December 31, 2018

WILLIAM GILFOIL, PORT DIRECTOR

PURPOSE	AMOUNT
Salary	\$111,300
Benefits-retirement	42,183
Benefits-insurance	17,101
Benefits - medicare	1,701
Car Allowance	6,000
Housing and lodging	1,246
Mileage reimbursement	1,400
Meals	1,344
Registration fees	600
Cellphone	1,080
Continuing education fees	2,767
Association dues	11,416
Membership dues	500

**Independent Auditor's Reports on Compliance with  
Laws, Regulations, Contracts, and Grants,  
and Internal Control**

The following independent Auditor's reports on compliance with laws, regulations, contracts, and grants and internal control are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States; the U. S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the *Single Audit Act Amendments of 1996*; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

Member:  
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Certified Public Accountants  
Society of Louisiana Certified  
Public Accountants

**MARY JO FINLEY, CPA, INC.**  
*A PROFESSIONAL ACCOUNTING CORPORATION*  
116 Professional Drive - West Monroe, LA 71291  
Phone (318) 329-8880 - Fax (318) 239-8883

Practice Limited to  
Governmental Accounting,  
Auditing and  
Financial Reporting

**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***

LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana

I 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, the major fund and the aggregate remaining fund information of the Lake Providence Port Commission, a component unit of the East Carroll Parish Police Jury, as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the Lake Providence Port Commission's basic financial statements, and have issued my report thereon dated June 27, 2019.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exist 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 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana  
Independent Auditor's Report on Compliance  
And Internal Control Over Financial Reporting, etc.  
December 31, 2018

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lake Providence Port Commission's financial statements are free from material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lake Providence Port Commission'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 Lake Providence Port Commission'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.



West Monroe, Louisiana  
June 27, 2019

LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana

Schedule of Findings and Responses  
For the Year Ended December 31, 2018

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the annual financial statements of the Lake Providence Port Commission.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting.
3. No instances of noncompliance material to the financial statements of the Lake Providence Port Commission are reported in the Auditor's Report on Compliance and Internal Control Over Financial Reporting.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

**LAKE PROVIDENCE PORT COMMISSION**  
Lake Providence, Louisiana

**Summary Schedule of Prior Audit Findings**  
**For the Year Ended December 31, 2018**

There were no findings reported in the audit report for the year ended December 31, 2016.

Independent Accountant's Report  
on Applying Agreed-Upon Procedures

Lake Providence Port Commission  
409 Port Road  
Lake Providence, LA 71254

To the Lake Providence Port Commission

I have performed the procedures enumerated below, which were agreed to by the management of the Lake Providence Port Commission and the Louisiana Legislative Auditor, State of Louisiana, on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. Management of Lake Providence Port Commission 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, I 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:

**AGREED-UPON PROCEDURES**

**WRITTEN POLICIES AND PROCEDURES**

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - A. Budgeting, including preparing, adopting, monitoring, and amending the budget.
  - B. Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - C. Disbursements, including processing, reviewing, and approving

- D. Receipts, including receiving, recording, and preparing deposits
- E. Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- F. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- G. Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- H. Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- I. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- J. Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Written policies and procedures were obtained and address the function noted above.

## **BOARD (OR FINANCE COMMITTEE, IF APPLICABLE)**

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
  - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
  - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
    - ▶ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The port commission meets monthly in accordance with the agency by-laws. The outside consultant prepares the financial statements and presents budget to actual comparisons at each meeting. Non-budgetary financial information is also presented at meetings.

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

The agency provided me with a certified list of all bank accounts. October, 2018 was randomly selected to be tested. For the 5 bank accounts selected for testing it was determined that the bank reconciliations were performed by an outside consultant and reviewed by the Port Director. There was evidence that the reconciliations are performed within 60 days of the bank statement date. 1 of the 5 accounts selected to test had outstanding reconciling items over 12 months.

## **COLLECTIONS**

- 4. Obtain 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 select 5 deposit sites (or all deposit sites if less than 5).

Agency provided me with a certified list of deposit sites and I verified that it was complete.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect 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 observe 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.

The agency has 1 collection location with no cash drawers, they do not accept cash. The port director receives the payments and an outside consultant prepares the deposits, then posts receipts to the peachtree accounting software. Deposits are taken to the bank on the day that checks are received by an outside consultant. At the end of the month another an outside consultant reconciles the bank accounts and the port director reviews the reconciliations.

- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

The port commission's has employee theft insurance on the employees.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statement when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - A) Observe that receipts are sequentially pre-numbered.
  - B) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip,
  - C) Trace the deposit slip total to the actual deposit per the bank statement.
  - D) Observe 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 that \$100).
  - E) Trace the actual deposit per the bank statement to the general ledger.

The port commission does not use pre-numbered receipts. Deposit documentation was traced to the supporting documentation for the deposits. The deposit slips selected were traced to the bank statement. The deposits were traced to the posting in the peachtree accounting software.

**NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)**

8. 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).

Agency provided a complete list of locations that process payments and represented that the list was complete.

9. For each location selected under #8 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 initialing 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.

The port commission does not use a purchase order system or purchase requisitions. The port director initiates and approves all purchases and one of the board members approves all purchases when signing checks. The outside consultant adds all new vendors upon approval by the port director. The port director reviews and approves all invoices before checks are written. An outside consultant initiates all checks and the port director and a board member sign all checks. The outside consultant mails all check payments.

10. For each location selected under #8 above, obtain the entity'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.

- B) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

All disbursements selected to be tested had the proper support documentation. The port director reviews and approves all invoices before checks are written. An outside consultant initiates the disbursement checks and the port director and a board member sign all checks. A different outside consultant reconciles all bank statements and the port director reviews the reconciliations.

## **CREDIT CARDS/DEBIT CARDS/FUEL CARDS/P-CARDS**

11. Obtain 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. Obtain management's representation that the listing is complete.

The agency does not have any active credit cards, fuel cards, etc.

12. Using the listing prepared by management, randomly select 5 cards, (or all cards if less than 5) 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) Observe 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) Observe that finance charges and late fees were not assessed on the selected statements.

The port commission does not have any credit cards.

13. Using the monthly statements or combined statements selected under #12 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).

The port commission does not have any credit cards.

## **TRAVEL AND EXPENSE REIMBURSEMENT**

14. Obtain 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 select 5 reimbursements, obtain the related expense reimbursement form/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

The agency provided me with a certified list of travel or related expense reimbursements during the testing period and represented that the list was complete.

- A) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
- B) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- C) Observe that 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 (procedure #1h).
- D) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

The agency is using actual reimbursement costs and that is being paid to the employees. Amounts tested for reimbursement had the proper documentation. It was noted the expenditures were for business purposes. All reimbursements were supported by proper documentation. Meal charges tested did not indicate who was present and the purpose of the meal. Lee Denny stayed in hotel in Washington DC in September, 2018 and paid \$289 per night, GSA rate is \$253. The port director and a board member review and approve all travel reimbursements.

## **CONTRACTS**

15. The Lake Providence Port Commission had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.

## **PAYROLL AND PERSONNEL**

16. The Lake Providence Port Commission had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.
17. The Lake Providence Port Commission had no exceptions in the prior year AUP testing, therefore

this section was excluded from testing for the current period.

18. The Lake Providence Port Commission had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.
19. The Lake Providence Port Commission had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.

### **ETHICS (EXCLUDING NONPROFITS)**

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and:
  - A) Observe that the documentation demonstrates each employee/official 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.

The agency provided support for ethics training for 1 of the 2 employees. The other employee did not have documentation of the 2018 ethics class. The agency did not have written documentation to show that the employees have read the agency policy concerning the ethics policy.

### **DEBT SERVICE**

21. The Lake Providence Port Commission had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.
22. The Lake Providence Port Commission had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.

### **OTHER**

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

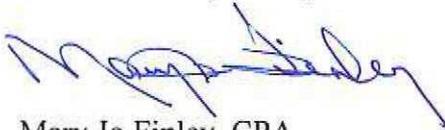
The port commission has no known misappropriation of funds during the test period.

24. Observe 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.

I observed the fraud hotline notice posted on the premises and a link to the notice was posted on the website.

I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my 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.



Mary Jo Finley, CPA  
June 27, 2019

# LAKE PROVIDENCE PORT COMMISSION

409 PORT ROAD  
LAKE PROVIDENCE, LOUISIANA 71254-9801  
PHONE: (318) 559-2365

June 27, 2019

Re: Response to Independent Accountant's Report on Applying Agreed-Upon Procedures

## BANK RECONCILIATIONS

4. C) Bank reconciliations are performed by an outside consultant. The account with outstanding items has been cleared.

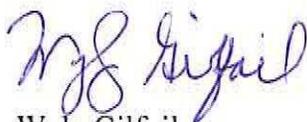
## TRAVEL AND EXPENSE REIMBURSEMENT

18. D) Sometimes GSA rates are not available especially if you wait too long to make a reservation. Washington, DC has been a particular problem with many vacationers visiting the same time budget hearings are held.

Detailed receipts for meals and mileage reimbursements are being required going forward. The Commission approves all travel reimbursements.

## ETHICS

The Deputy Director has taken Ethics courses through the annual Police Jury meetings but we failed to document. The Port Director took an Ethics course October, 2018, certificate attached.



Wylly Gilfoil  
Port Director