

RED RIVER WATERWAY COMMISSION

FINANCIAL STATEMENTS

December 31, 2017



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Red River Waterway Commission

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INDEPENDENT AUDITORS' REPORT

Commissioners of the Red River Waterway Commission
Natchitoches, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Red River Waterway Commission as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Red River Waterway 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Red River Waterway Commission, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 through 12, the budgetary comparison information on page 40, the schedule of the employer's proportionate share of the net pension liability on page 41, and the schedule of the employer's contributions to the funds on page 42, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Red River Waterway Commission's basic financial statements. The schedule of per diem paid to commission members, schedule of compensation, benefits and other payments to agency head or chief executive officer are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of per diem paid to commission members, schedule of compensation, benefits and other payments to agency head or chief executive officer, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of per diem paid to commission members, schedule of compensation, benefits and other payments to agency head or chief executive officer, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2018, on our consideration of the Red River Waterway Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Red River Waterway Commission's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana

June 11, 2018



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Independent Auditors' 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

Commissioners of the Red River Waterway Commission
Natchitoches, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Red River Waterway Commission, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Red River Waterway Commission's basic financial statements, and have issued our report thereon dated June 11, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Red River Waterway 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Red River Waterway Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Red River Waterway Commission'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 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, of 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 the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Red River Waterway Commission'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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2017-001.

Red River Waterway Commission's Response to Findings

The Commission's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Commission'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

This 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 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana

June 11, 2018



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Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Commissioners of the Red River Waterway Commission
Natchitoches, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Red River Waterway Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Red River Waterway Commission's major federal programs for the year ended December 31, 2017. Red River Waterway Commission's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Red River Waterway Commission's compliance.

Opinion on Each Major Program

In our opinion, Red River Waterway Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control over Compliance

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

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

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

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana

June 11, 2018

Management's Discussion and Analysis (Unaudited)

Red River Waterway Commission Management's Discussion and Analysis (Unaudited)

This section of the Red River Waterway Commission's (Commission) annual financial report offers readers a narrative overview and analysis of the financial performance of the Commission for the year ended December 31, 2017. The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the Commission's financial statements, which immediately follow this section.

Financial Highlights

The assets and deferred outflows of resources of the Red River Waterway Commission exceeded its liabilities and deferred inflows of resources by \$103,895,464 (net position) as of December 31, 2017. This is an increase of \$6,074,376 from prior year. Unrestricted net position which may be used to meet the Commission's ongoing obligations to citizens in accordance with the fund designation and fiscal policies represent \$53,367,311. This is an increase of \$782,012 from the prior year.

As of the close of the current year, the Red River Waterway Commission's governmental funds reported combined ending fund balances of \$60,491,626. This is an increase of \$1,016,890 from prior year. Forty-one (41%) percent of this total amount, or \$24,546,857, is unassigned and available for use within the Commission's designation and policies. This is an increase of \$483,330 from the prior year. The total general fund expenditures for the current year are 15% of the unassigned fund balance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Commission's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the sum of the assets and deferred inflows of resources and the sum of the liabilities and deferred inflows of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

Red River Waterway Commission Management's Discussion and Analysis (Unaudited)

The Statement of Activities presents information showing how the Commission's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future periods (e.g., uncollected taxes and earned, but unused, compensated absences).

The government-wide financial statements distinguish functions of the Commission that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Commission include general government, port and economic development, and recreation and culture. The government-wide financial statements can be found on pages 13 - 14 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 Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Commission are classified as governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Commission maintains two governmental funds. Information is presented separately in the Balance Sheet - Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds for general and capital projects funds, both of which are considered to be major funds.

Red River Waterway Commission Management's Discussion and Analysis (Unaudited)

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. The notes to the financial statements can be found on pages 19 through 39.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Red River Waterway Commission, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$103,895,464 as of December 31, 2017.

A large portion of the Commission's net position (38%) reflects its investments in capital assets (e.g., land, buildings, equipment, improvements, construction in progress and infrastructure). The Commission uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. The remaining balance of the Commission's net position represents resources that are used to maintain the capital assets and administrative expenses.

Red River Waterway Commission's Net Position

<i>December 31,</i>	2017	2016
Assets		
Current and other assets	\$ 66,429,148	\$ 60,504,939
Capital assets	39,674,101	38,072,003
Total assets	106,103,249	98,576,942
Deferred outflows of resources	694,125	1,013,606
Liabilities		
Long-term liabilities	770,720	939,224
Other liabilities	2,024,997	704,806
Total liabilities	2,795,717	1,644,030
Deferred inflows of resources	106,193	125,430
Net Position		
Invested in capital assets	39,674,101	38,072,003
Restricted	10,854,052	7,163,786
Unrestricted	53,367,311	52,585,299
Total net position	\$ 103,895,464	\$ 97,821,088

Red River Waterway Commission Management's Discussion and Analysis (Unaudited)

The following table provides a summary of the Commission's operations for years ended December 31, 2017 and 2016. For both years, the Commission was able to report positive balances in each category of net position.

Summary of Statement of Activities

<i>December 31,</i>	2017	2016
Revenues		
Program revenues		
Leasing and fees for services	\$ 236,763	\$ 173,231
Capital grants and contributions	2,673,906	-
General Revenues		
Property taxes	9,966,160	9,966,503
State revenue sharing	365,699	370,477
Intergovernmental revenue - FEMA	1,352,661	1,024,087
Interest and investment earnings	197,234	219,667
Miscellaneous	126,783	66,995
Total revenues	14,919,206	11,820,960
Expenses		
Public works and recreation	8,844,830	12,676,452
Change in net position	\$ 6,074,376	\$ (855,492)

Financial Analysis of the Government's Funds

Governmental Funds

The focus of the Red River Waterway Commission's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Red River Waterway Commission's governmental funds reported combined ending fund balances of \$60,491,626. Approximately 41% of this total amount constitutes unassigned fund balance. The remainder of the fund balance is committed or assigned to indicate that it is not available for new spending because it has already been committed or assigned to pay for capital assets, port infrastructure, or insurance.

Red River Waterway Commission Management's Discussion and Analysis (Unaudited)

Capital Assets

The Red River Waterway Commission's investment in capital assets (net of accumulated depreciation) for its governmental activities as of December 31, 2017, is \$39,674,101.

This investment in capital assets includes land, buildings, furniture, fixtures and equipment, infrastructure and construction in progress.

<i>December 31,</i>	2017	2016
Land	\$ 16,984,052	\$ 16,984,052
Construction in progress	2,353,589	5,713,721
Buildings	5,011,804	5,011,804
Furniture, fixtures and equipment	849,726	933,733
Land improvements		
Groundwork	3,912,226	2,367,461
Structure	15,410,563	10,507,957
Boat ramps	8,387,904	8,387,904
Outdoor equipment	986,970	986,970
Infrastructure	7,063,295	7,063,295
Total capital assets	60,960,129	57,956,897
Less accumulated depreciation	(21,286,028)	(19,884,894)
Net capital assets	\$ 39,674,101	\$ 38,072,003

Additional information on the Red River Waterway Commission's capital assets can be found in Note 5 Capital Assets in this report.

Economic Factors and Next Year's Budgets and Rates

The Commission considered all known and projected costs when preparing the budget for 2018. Revenues and expenditures for the general fund are expected to increase approximately \$640,000. Expenditures for the capital projects fund are expected to increase approximately \$11,000,000.

Request for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Commission's finances. If you have questions about this report or need any additional information, contact the Executive Director, at P. O. Box 776, Natchitoches, Louisiana, 71458, call (318) 352-7446, or e-mail at colinbrown@reddriverwaterway.com.

Basic Financial Statements

Government-Wide Financial Statements (GWFS)

Red River Waterway Commission
Statement of Net Position

<i>December 31,</i>	2017
Assets	
Cash and cash equivalents	\$ 35,922,598
Investments	15,122,460
Receivables	13,724,417
Restricted assets	1,659,673
Capital assets, net of accumulated depreciation	39,674,101
<hr/>	
Total assets	106,103,249
<hr/>	
Deferred Outflows of Resources	
Deferred pensions	694,125
Total deferred outflows of resources	694,125
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Liabilities and Net Position	
Liabilities	
Accounts payable	1,640,696
Accrued expenses	384,301
Long-term liabilities	
Due within one year	
Accrued compensated absences	179,188
Due in more than one year	
Accrued compensated absences	54,408
Net pension liability	537,124
Total liabilities	2,795,717
<hr/>	
Deferred Inflows of Resources	
Deferred pensions	106,193
Total deferred inflows of resources	106,193
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Net position	
Invested in capital assets	39,674,101
Restricted	10,854,052
Unrestricted	53,367,311
Total net position	\$ 103,895,464

The accompanying notes are an integral part of these financial statements.

**Red River Waterway Commission
Statement of Activities**

<i>For the year ended December 31, 2017</i>	Expenses	Program Revenues		Net (Expense)
		Leasing and Fees for Services	Capital Grants and Contributions	Revenue and Change in Net Assets
Functions/programs				
Governmental activities				
Public works and recreation	\$ 8,844,830	\$ 236,763	2,673,906	\$ (5,934,161)
Total governmental activities	\$ 8,844,830	\$ 236,763	\$ 2,673,906	\$ (5,934,161)
General Revenues				
Taxes				
Property taxes				9,966,160
State revenue sharing				365,699
Intergovernmental revenue				1,352,661
Interest and investment earnings				197,234
Miscellaneous				126,783
Total general revenues				12,008,537
Change in net position				6,074,376
Net position - beginning				97,821,088
Net position, end of year				\$ 103,895,464

The accompanying notes are an integral part of these financial statements.

Fund Financial Statements

**Red River Waterway Commission
Balance Sheet – Governmental Funds**

<i>December 31, 2017</i>	General	Capital Projects Fund	Total
Assets			
Cash and cash equivalents	\$ 14,391,613	\$ 21,530,985	\$ 35,922,598
Investments	7,561,230	7,561,230	15,122,460
Receivables, net of allowance for uncollectibles			
Taxes	3,332,707	6,189,223	9,521,930
State revenue sharing	91,869	170,613	262,482
Other	9,283	1,256,817	1,266,100
Restricted assets			
Cash	1,562,954	-	1,562,954
Due from other funds	-	498,801	498,801
Total assets	\$ 26,949,656	\$ 37,207,669	\$ 64,157,325
Liabilities, deferred inflows and fund balances			
Liabilities			
Accounts payable	\$ 82,732	\$ 1,557,965	\$ 1,640,697
Accrued expenses	179,635	204,666	384,301
Due to other funds	498,801	-	498,801
Total liabilities	761,168	1,762,631	2,523,799
Deferred inflows of resources			
Unavailable revenue - property taxes	78,677	146,115	224,792
Unavailable revenue - intergovernmental	-	917,108	917,108
Total deferred inflows	78,677	1,063,223	1,141,900
Fund balances			
Committed	1,562,954	14,301,185	15,864,139
Assigned	-	20,080,630	20,080,630
Unassigned	24,546,857	-	24,546,857
Total fund balances	26,109,811	34,381,815	60,491,626
Total liabilities, deferred inflows and fund balances	\$ 26,949,656	\$ 37,207,669	\$ 64,157,325

The accompanying notes are an integral part of these financial statements.

**Red River Waterway Commission
Reconciliation of the Balance Sheet - Governmental
Funds to the Statement of Net Position**

Total fund balances of governmental funds \$ 60,491,626

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Those assets consists of:

Cost of capital assets	60,960,129	
Less accumulated depreciation	(21,286,028)	39,674,101

Some of the Commission's property taxes were collected more than sixty days after year-end, therefore, are not available soon enough to pay for current-period expenditures.	224,792
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Some of the Commission's intergovernmental receivables were were not collected within sixty days after year-end, therefore, are not available soon enough to pay for current-period expenditures.	917,108
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Deferred outflows of resources reported in the Statement of Net Position	694,125
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Deferred inflows of resources reported in the Statement of Net Position	(106,193)
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Long-term assets consists of accrued amounts that are not expected to be received in the current period:

Long-term assets at December 31, 2017:

Accounts receivable	2,770,625
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Long-term liabilities at December 31, 2017:

Net pension liability	(537,124)
Compensated absences payable	(233,596)

Net position	\$ 103,895,464
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The accompanying notes are an integral part of these financial statements.

Red River Waterway Commission
Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds

<i>December 31, 2017</i>	General Fund	Capital Projects Fund	Totals
Revenues			
Ad valorem taxes, including penalties and interest	\$ 3,489,560	\$ 6,480,483	\$ 9,970,043
Intergovernmental revenues			
State revenue sharing	127,995	237,705	365,700
FEMA	98,139	337,414	435,553
Leasing and fees for services			
Leasing	167,717	-	167,717
Park fees	69,046	-	69,046
Oil and gas royalties	40,765	-	40,765
Land and timber sales	6,500	-	6,500
Interest revenues	82,551	114,683	197,234
Total revenues	4,082,273	7,170,285	11,252,558
Expenditures			
Current			
Public works	2,908,315	376,187	3,284,502
Recreation and parks	575,920	-	575,920
Port development	80,000	2,580,458	2,660,458
Capital outlay	41,798	3,492,368	3,534,166
Statutory charges			
Retirement system	110,205	204,666	314,871
Total expenditures	3,716,238	6,653,679	10,369,917
Excess of revenues over expenditures	366,035	516,606	882,641
Other financing resources			
Gain on investment sales	98,134	16,954	115,088
Proceeds of general fixed asset dispositions	19,161	-	19,161
Net change in fund balances	483,330	533,560	1,016,890
Fund balance, beginning of year	25,626,481	33,848,255	59,474,736
Fund balance, end of year	\$ 26,109,811	\$ 34,381,815	\$ 60,491,626

The accompanying notes are an integral part of these financial statements.

**Red River Waterway Commission
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances – Governmental
Funds to the Statement of Activities**

Net change in fund balances - total governmental funds \$ 1,016,890

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense.

Capital outlay (Total additions per Note 5, \$9,576,407, less work in process transferred to capital assets, \$6,447,370 in 2017)	\$ 3,129,037	
Capital asset disposals, net	(73,997)	
Depreciation expense	(1,452,943)	1,602,097

Revenues reported in the statement of activities are not reported in governmental funds, because they do not provide current financial resources. This adjustment is to recognize the net change in unavailable revenues for property taxes.

(3,885)

Long-term intergovernmental revenue from Corps of Engineers and FEMA

3,591,014

The net pension liability is not susceptible to accrual and therefore is not reported in the funds. This amount represents the change in the net pension liability

176,738

Change in deferred outflows of resources

(319,481)

Change in deferred inflows of resources

19,237

Some expenses reported in the statement of activities do not require the use of current financial resources and , therefore are not reported as expenditures in governmental funds.

Long-term assets not representing current resources:

Long-term compensated absences increase in current year

(8,234)

Change in net position

\$ 6,074,376

The accompanying notes are an integral part of these financial statements.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Red River Waterway Commission (the Commission) was created by Act No.17 of the Louisiana Legislature for the year 1965 as a body politic and corporate of the State of Louisiana and the powers of the Commission are enumerated in La. R.S. 34:2301-2317. The Commission is not subject in any respect to the authority, control or supervision of any regulatory body of the state or any political subdivision thereof. The Commission is composed of all territories located within the parishes of Avoyelles, Rapides, Natchitoches, Red River, Grant, Bossier, and Caddo. The Commission was created to establish, operate, and maintain a navigable waterway system extending from the vicinity of the confluence of the Red River with Old River and the Atchafalaya River northwestward in the Red River Valley to the state boundary. The commissioners administer the operations and responsibilities of the Commission in accordance with Louisiana statutes. Members of the commission are appointed by the governor with one member from each parish being selected from the recommendations of the respective Police Juries, Levy Boards and Red River Valley Association. The Secretary of the Louisiana Department of Transportation and Development (DOTD) serves as ex-officio chairman of the Red River Waterway Commission.

Reporting Entity

The Red River Waterway Commission, for financial purposes, includes all of the governmental funds relevant to the operations of the Red River Waterway Commission. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Red River Waterway Commission.

The Division of Administration of the State of Louisiana has determined that the Red River Waterway Commission is a primary government and not a component unit or agency of the state government for financial reporting purposes.

Basis of Presentation

The accompanying basic financial statements of the Commission have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments, issued in June 1999 as amended by GASB Statement 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34."

The government-wide financial statements (GWFS) include the Statement of Net Position and the Statement of Activities. These statements report information on all of the governmental activities of the Commission. There are no fiduciary or component units.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for the functions of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Program revenues include (a) leasing, royalties and charges paid by the recipients of services offered by the Commission and (b) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program services, including property taxes, are presented as general revenues.

Fund Financial Statements (FFS)

The accounts of the Red River Waterway Commission are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two governmental funds as follows:

General Fund

The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund

This fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities.

Measurement Focus Basis of Accounting

The governmental financial statements were prepared using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet.

The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Commission's operations.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Commission considers revenues available if they are collected within sixty (60) days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The government-wide financial statements are accounted for using an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or an economic asset used.

The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and state revenue sharing are recorded in the year they become due and payable. Ad valorem taxes are assessed for the calendar year, become due on December 30 of each year, and become delinquent on December 31. The taxes are generally collected in December, January or February. The lien date is January 1, when interest begins accumulating at one-percent monthly. Revenue sharing is generally collected in three (3) equal installments in December, March and May.

Intergovernmental revenues, leasing, royalties and charges for services are recorded when the Commission is entitled to the funds.

Interest income on time deposits is recorded as earned.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Financing Sources

Proceeds from the sale of land and surplus capital assets are accounted for as other financing sources (uses).

Budgetary Accounting

The Commission follows these procedures in establishing the budgetary data reflected in the financial statements:

The Commission is excluded from the provisions of Act 504 of 1980 (Budget Act) by Attorney General Opinion 80-1561. The Commission has developed an expenditure budget for the operating and maintenance (general fund) and the construction (capital projects fund) in order to maintain improved control over expenditures. Revenues were not budgeted in detail, but were assumed sufficient to cover the expenditures.

- a. Based on improved data, the budget is periodically amended and approved by the Board of Commissioners.
- b. The budgetary comparison schedule, a required supplemental schedule, for the General Fund presents comparisons of legally adopted budgets with actual data on a budgetary basis. Accounting principles applied for purposes of developing data on a budgetary basis is in conformity with accounting principles generally accepted in the United States of America.
- c. Unused appropriations for annually budgeted funds lapse at the end of year.
- d. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Fund Balances of Fund Financial Statements - GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" requires the fund balance amounts to be reported within the fund balance categories as follows:

Nonspendable

This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Commission did not have any nonspendable resources as of December 31, 2017.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted

This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Commission did not have any restricted resources as of December 31, 2017.

Committed

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Commission. These amounts cannot be used for any other purpose unless the Commission removes or changes the specified use by taking the same type of action (board action) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Commission had committed resources as of December 31, 2017, as set forth in Note 9.

Assigned

This classification includes amounts that are constrained by the Commission's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commission or by an official or body to which the Commission delegates the authority. The Commission had \$20,080,630 in assigned resources as of December 31, 2017.

Unassigned

This classification includes the residual fund balance for the General Fund. The General Fund had \$24,546,857 at December 31, 2017, classified as unassigned.

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing time deposits. Cash equivalents include amounts in time deposits with original maturities of 90 days or less. Under state law, the Commission may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets are recorded in the Statement of Net Position. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes.

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

Asset Group	Years
Furniture, fixtures and equipment	5 to 10
Vehicles	5
Buildings	40
Land improvements and infrastructure	20 to 30
Boat ramps	50
Outdoor equipment	20

Compensated Absences

Employees earn and accumulate vacation and sick leave at various rates, depending on their years of service. The amount of vacation and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused vacation leave at the employee's hourly rate of pay. Upon retirement, unused vacation leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. In addition, employees are due unused comp time in accordance with Commission policy.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission has items that meet this criterion: contributions made to the pension plan in the 2017 fiscal year and the difference between projected and actual earnings on pension plan investments.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Commission has several items that meet the criterion for this category: deferrals of differences between expected and actual experience, changes in proportion and pension expense, difference between Commission contributions and proportionate share of contributions and changes in contributions for measurement period adjustment.

Investments

The Red River Waterway Commission is a political subdivision of the State of Louisiana and has the authority to invest in direct U.S. Treasury obligations and U.S. Government Agency obligations under R.S. 33:2955.

Inventory

Purchase of operating supplies are regarded as expenditures at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year.

Interfund receivables and payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Claims and Judgments

Claims and judgments are recorded in governmental funds for the amount that will be liquidated with current available financial resources. The remainder of any liability is recorded in the government-wide financial statements.

Allowance for Uncollectible Accounts

Ad valorem taxes are not considered fully collectible. An allowance for uncollectible accounts was established to satisfy the measurability criterion.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position Classifications

In the government-wide financial statements, net position are classified and displayed in components:

Invested in capital assets - Consists of capital assets, net of accumulated depreciation.

Restricted net position - Consists of net position with constraints placed on the use either by (1) the Board of Commissioners or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that do not meet the definition of “restricted” or “invested in capital assets”.

In the fund financial statements, governmental fund net position is classified as fund balance. Fund balance is further classified as nonspendable, committed, assigned and unassigned.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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, expenditures, expenses, and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

Adoption of New Financial Standards

The Commission adopted GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*, during the current fiscal year ended December 31, 2017. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Commission’s financial statements and note disclosures reflect any required changes.

Red River Waterway Commission Notes to the Financial Statements

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Pronouncements

In March 2017, the GASB issued GASB Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for the year ending December 31, 2018 and the Commission is currently assessing their impact.

NOTE 2: CASH

Cash includes demand deposits and time deposits, recorded at cost, which approximates fair value. Under state law, the Red River Waterway Commission may deposit funds only within a fiscal agent bank organized under the laws of the State of Louisiana. Furthermore, the Commission may invest in time deposits or certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in the State of Louisiana. The Commission has cash (book balance) totaling \$35,922,598 (of which \$33,950,767 is invested in time deposits) and restricted cash (book balance) totaling \$1,562,954 (of which \$1,562,954 is also invested in time deposits), respectively at December 31, 2017. Cash and restricted cash are stated at cost, which approximates fair value. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging bank or in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer or a custodial bank that is mutually acceptable to the parties involved.

The following is a summary of deposit balances (bank balances) at December 31, 2017, with the related federal deposit insurance and pledged securities:

	Deposits	Value of Pledged Securities	Federal Insurance	Over Secured	Under Secured
Cash	\$ 35,950,646	\$ 37,157,011	\$ 2,750,000	\$ 3,956,365	\$ -
Restricted cash	1,562,954	1,562,954	-	-	-
Total	\$ 37,513,600	\$ 38,719,965	\$ 2,750,000	\$ 3,956,365	\$ -

Red River Waterway Commission Notes to the Financial Statements

NOTE 2: CASH (Continued)

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Category 1- Deposits which are insured or collateralized with securities held by the Commission or by its agent in the Commission's name.

Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or by its agent in the Commission's name.

Category 3 - Deposits which are not collateralized or insured.

Based on these three levels of risk, the Commission's cash deposits are classified as Category 1.

NOTE 3: INVESTMENTS

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the exposure of the Commission's debt type investments to this risk, using the segmented time distribution model is as follows:

	Standard & Poor's Rating	Percentage of Total Portfolio	Fair Market Value	Months to Maturity				Level
				0-6	7-12	13-24	Over 24	
Cash Reserves	N/A	4%	\$ 551,930	\$ 551,930	\$ -	\$ -	\$ -	1
U.S. Agency & Treasury Bonds	AA+	56%	5,213,517	2,693,554	1,035,689	497,105	987,169	1
U.S. Agency & Treasury Bonds	AA+	62%	9,357,013	641,361	1,309,767	4,735,404	2,670,481	2
		66%	\$ 15,122,460	\$ 3,886,845	\$ 2,345,456	\$ 5,232,509	\$ 3,657,650	

Investment values and levels are based on December 29, 2017 market information, reflecting a practical expedient approach due to market closures on December 31, 2017.

Red River Waterway Commission Notes to the Financial Statements

NOTE 3: INVESTMENTS (Continued)

Fair Value Measurements

GASB Statement No. 72, establishes a hierarchy of inputs to valuation techniques used to measure fair value. The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The implementation of this new statement did not change the method of measuring the fair value of the Commission's assets. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1—Investments reflect prices quoted in active markets.
- Level 2—Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3—Investments reflect prices based upon unobservable sources.

NOTE 4: RECEIVABLES

Receivables, net of allowance for uncollectible accounts are as follows:

<i>December 31, 2017</i>	General Fund	Capital Projects Fund	Total
Ad valorem taxes – gross	\$ 3,367,896	\$ 6,254,574	\$ 9,622,470
Intergovernmental revenue			
State revenue sharing	91,869	170,613	262,482
Corp of Engineers	-	2,673,905	2,673,905
Other	9,283	1,256,817	1,266,100
Subtotal	3,469,048	10,355,909	13,824,957
Less allowance for uncollectible accounts	(35,189)	(65,351)	(100,540)
Total	\$ 3,433,859	\$ 10,290,558	\$ 13,724,417

Red River Waterway Commission
Notes to the Financial Statements

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

<i>December 31, 2017</i>	Beginning Balance	Additions	Deductions	Ending Balance
General Fund				
Buildings	\$ 1,569,697	\$ -	\$ -	\$ 1,569,697
Furniture and equipment	933,733	41,798	125,805	849,726
Subtotal	2,503,430	41,798	125,805	2,419,423
Less: Accumulated depreciation	(1,370,739)	(112,534)	(51,808)	(1,431,465)
Total	1,132,691	(70,736)	73,997	987,958
Capital Projects Fund				
Land	16,984,052	-	-	16,984,052
Work in progress	5,713,721	3,087,238	6,447,370	2,353,589
Buildings	3,442,107	-	-	3,442,107
Land improvements-groundwork	2,367,461	1,544,765	-	3,912,226
Land improvements-structure	10,507,957	4,902,606	-	15,410,563
Boat ramps	8,387,904	-	-	8,387,904
Outdoor equipment	986,970	-	-	986,970
Infrastructure	7,063,295	-	-	7,063,295
Subtotal	55,453,467	9,534,609	6,447,370	58,540,706
Less: accumulated depreciation	(18,514,155)	(1,340,408)	-	(19,854,563)
Total	36,939,312	8,194,201	6,447,370	38,686,143
Net capital assets	\$ 38,072,003	\$ 8,123,465	\$ 6,521,367	\$ 39,674,101

Capital assets, when declared as surplus by the Commission, no longer have any service utility and are reported as an impairment loss in the Statement of Activity. During 2017, impaired capital assets with a gross carrying amount of \$125,805 were declared as surplus with a net carrying amount of \$73,997 being reported as an impairment loss. At December 31, 2017, the carrying amount of idle impaired capital assets amounted to \$177,107.

NOTE 6: LONG-TERM ASSETS AND LIABILITIES

The long-term assets of the Commission, which are due from governmental activities, consist of receivable amounts due from the U. S. Army Corps of Engineers (Corps of Engineers or COE) relative to cost share agreements for Pools 1 and 2 as follows:

Accrued charges - 50% cost share in Pools 1 and 2	\$ 96,720
Total	\$ 96,720

Red River Waterway Commission Notes to the Financial Statements

NOTE 6: LONG-TERM ASSETS AND LIABILITIES (Continued)

These amounts are included in restricted assets and restricted net position, respectively, on the statement of net position.

The long-term liabilities of the Commission, which are due to governmental activities, consist of liabilities for accrued compensated absences (see activity in the schedule below) and the net pension liability (see Note 7), which are included on the statement of net position.

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Compensated absences	\$ 225,362	\$ 187,424	\$ 179,190	\$ 233,596	\$ 179,188
Net pension liability	713,862	-	176,738	537,124	-
Total	\$ 939,224	\$ 187,424	\$ 355,928	\$ 770,720	\$ 179,188

Compensated absences and net pension liability are liquidated by the general fund.

NOTE 7: RETIREMENT SYSTEM

Substantially all employees of the Commission are required by state law to belong to the retirement plan administered by the Parochial Employees' Retirement System of Louisiana (PERS), which is administered on a statewide basis. PERS is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Red River Waterway Commission are members of Plan A.

PERS issues a separate financial report that includes financial statements and required supplementary information. This report may be found on PERS' website: www.persla.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us. PERS prepares its financial statements in accordance with GASB statements and generally accepted accounting principles. The System's financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are recognized at fair value.

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Parochial Employees' Retirement System of Louisiana (PERS) financial report. The effect of PERS on the Commission's net position has been determined on the same basis used by PERS.

NOTE 7: RETIREMENT SYSTEM (Continued)

Plan Description

Employees of the Commission are provided with pensions through a cost-sharing multi-employer defined benefit pension plan, administered by the Parochial Employees' Retirement System of Louisiana (PERS). PERS was established and provided for by R.S. 11:1901 of the Louisiana Revised Statute (LRS).

Benefits Provided

The following is a description of the plan and its benefits and is provided for general informational purposes only. PERS provides retirement, deferred retirement option (DROP), disability and survivor's benefits. Participants should refer to the appropriate statutes for more complete information.

Retirement Benefits

Plan A – Members hired prior to January 1, 2007, may retire providing he/she meets one of the following criteria: 1) Any age with 30 or more years of creditable service, 2) Age 55 with 25 years of creditable service, 3) Age 60 with a minimum of 10 years of creditable service, 4) Age 65 with a minimum of 7 years of creditable service. Members hired after January 1, 2007, may retire providing he/she meets one of the following criteria: 1) Age 55 with 30 years of service, 2) Age 62 with 10 years of service, 3) Age 67 with 7 years of service.

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits

Upon the death of any member of Plan A with five or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age fifty.

NOTE 7: RETIREMENT SYSTEM (Continued)

Deferred Retirement Option Plan (DROP) benefits

In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued in the DROP benefits for the period between the end of DROP participation and the member's retirement date.

Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

Cost of Living Increases

The Board of PERS is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirement. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1997, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

NOTE 7: RETIREMENT SYSTEM (Continued)

Employer Contributions

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2017, the actuarially determined contribution rate was 12.50% of member's compensation for Plan A. The actual rate for the fiscal year ending December 31, 2017, was 14.50% for Plan A.

According to state statute, PERS also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. PERS also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation.

These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. Contributions to the pension plan from the Commission were \$175,184 for the year ended December 31, 2017.

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

At December 31, 2017, the Commission reported a liability of \$537,124 for its proportionate share of the net pension liability. The net position liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projection of the 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, 2016, the Commission's proportion was .260802%, which was a decrease of .010392% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Commission recognized pension expense of \$319,046, less the Commission's amortization of change in proportionate share and difference between employer contributions and proportionate share of contributions of \$3,729.

Red River Waterway Commission Notes to the Financial Statements

NOTE 7: RETIREMENT SYSTEM (Continued)

At December 31, 2017, the Commission reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (103,380)
Net difference between projected and actual earnings on pension plan investments	744,677	-
Changes in proportion	(273)	(2,159)
Differences between Commission contributions and proportionate share of contributions		(654)
Contributions for Measurement Period Adjustment	(225,463)	
Employer contributions subsequent to the measurement date	175,184	
Total	\$ 694,125	\$ (106,193)

Deferred outflows of resources of \$376,255 related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2018	\$ 153,272
2019	\$ 163,455
2020	\$ 107,014
2021	\$ (10,993)

NOTE 7: RETIREMENT SYSTEM (Continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2016, are as follows:

Valuation Date	December 31, 2016
Actuarial Cost Method	Plan A and B - Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return	7.00%, net of investment expense, including inflation
Salary Increases	Plan A and B - 5.25% (2.75% Merit/2.50% inflation)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by PERS and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Tables were selected for annuitants and beneficiaries. RP-2000 Disables Lives Mortality Table was selected for disabled annuitants.

The discount rate used to measure the total pension liability was 7.00% for Plan A. 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 and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. 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 triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/ diversification. The resulting expected long-term rate of return is 7.55% for the year ended December 31, 2016.

Red River Waterway Commission Notes to the Financial Statements

NOTE 7: RETIREMENT SYSTEM (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2016, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Fixed income	35%	1.24%
Equity	52%	3.63%
Alternative	11%	0.67%
Real assets	2%	0.12%
Totals	100%	5.66%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.66%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010, through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Healthy Annuitant Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back five years for males and three years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back for years for males and three years for females was used.

Sensitivity to Changes in Discount Rate:

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, 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, 6.00%, or one percentage point higher, 8.00%, than the current rate:

	Plan A		
	Changes in Discount Rate 2016		
		Current	
	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability (Asset)	\$ 1,606,757	\$ 537,125	\$ (367,281)

Red River Waterway Commission Notes to the Financial Statements

NOTE 7: RETIREMENT SYSTEM (Continued)

Support of Non-employer Contributing Entities:

Contributions received by a pension plan from non-employer contributing entities and are not in a special funding situation are recorded as revenue by the respective pension plan. The Commission recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended December 31, 2017, the Commission recognized revenue as a result of support received from non-employer contributing entities of \$19,265.

Payables to the Pension Plan:

At December 31, 2017, the Commission had payables to the pension plan totaling \$69,400 for the December 2017 employee and employer legally required contributions. These amounts are included in accrued expenses.

NOTE 8: LEVIED TAXES

The River Waterway Commission's, (a multi-parish Commission) authorized and levied ad valorem tax millage of 2.34 for the year ended December 31, 2017, is allocated 65 percent to capital outlay and 35 percent to maintenance as follows:

<u>Red River Waterway Commission Taxes</u>	<u>Authorized Millage</u>	<u>Levied Millage</u>
Capital outlay (Capital Projects Fund)	1.52	1.52
Maintenance (General Fund)	0.82	0.82

Property taxes are recorded as receivables and revenues in the year assessed, net of an estimated allowance for uncollectible accounts of \$100,540. Property taxes totaling \$224,792 not collected within 60 days of year end have been deferred in the fund financial statements.

**Red River Waterway Commission
Notes to the Financial Statements**

NOTE 9: COMMITTED FUND BALANCES

The Commission has the following committed/restricted fund balances at December 31, 2017:

	General Fund	Capital Projects Fund	Total
Capital outlays	\$ -	\$ 5,010,086	\$ 5,010,086
Port commitments	-	9,194,379	9,194,379
Supplemental insurance	1,562,954	-	1,562,954
Long-term receivables	-	96,720	96,720
Total committed fund balance	\$ 1,562,954	\$ 14,301,185	\$ 15,864,139

NOTE 10: RESTRICTED ASSETS

The Commission has the following restricted assets used in governmental activities at December 31, 2017:

General fund	
Cash deposits for supplemental insurance	\$ 1,562,953
Capital project funds	
Long-term receivables	96,720
Total restricted assets	\$ 1,659,673

The Commission committed \$750,000 of its fund balance to supplement the high cost of liability insurance and be primarily used to offset the higher deductible used to obtain lower premiums on its primary liability coverage. The interest earned is to be considered additional committed funds.

The long-term receivables consist of amount due from the Corp of Engineers for their 50% cost share expenditures incurred under the Pools 1 and 2 cost share agreement.

NOTE 11: LITIGATION AND CLAIMS

The Red River Waterway Commission is continually faced with lawsuits and claims as a result of expropriation of property for right-of-ways and damages resulting from the normal operation of the waterway. Any known cost that would be incurred by the Red River Waterway Commission relative to these litigations and claims has been anticipated in developing the annual budget and would not be considered a contingency. At December 31, 2017, claims have been estimated in the aggregate amount of approximately \$250,000. It is possible this will change materially in the year term.

Red River Waterway Commission Notes to the Financial Statements

NOTE 12: COMMITMENTS

The Red River Waterway Commission has entered into or agreed to enter into certain intergovernmental cooperative agreements for the development of ports. At December 31, 2017, the total commitments and the amounts expended to date are as follows:

Port	Commitments	Expended	Remaining Balance
Avoyelles	\$ 108,871	\$ 108,871	\$ -
Central Louisiana Regional	732,050	228,442	503,608
Caddo-Bossier	7,512,807	2,047,363	5,465,444
Natchitoches	511,360	77,887	433,473
Red River	2,909,750	117,896	2,791,854
Total	\$ 11,774,838	\$ 2,580,459	\$ 9,194,379

Pursuant to design and construction contracts awarded in the development of recreation areas, levee structures, access roads and relocation projects, the Commission has commitments at December 31, 2017, for the unexpended portion of these contracts in the amount of \$9,194,379. This amount is included in the restricted net position of \$10,854,052 on the statement of net position.

Required Supplementary Information

**Red River Waterway Commission
Budgetary Comparison Schedule – General Fund**

For the year ended December 31, 2017

(GAAP)

	Budget		Actual	Variance-
	Original	Final		Favorable (Unfavorable)
Revenues				
Ad valorem taxes, including penalties and interest	\$ -	\$ -	\$ 3,489,560	\$ -
Intergovernmental	-	-	226,134	-
Interest revenues	-	-	82,551	-
Other	-	-	284,028	-
Total revenues	4,237,363	4,374,494	4,082,273	(292,221)
Expenditures				
Current:				
Public works	3,082,363	3,219,494	2,908,315	311,179
Recreation and parks	936,000	936,000	575,920	360,080
Port development	80,000	80,000	80,000	-
Capital outlay	64,000	64,000	41,798	22,202
Statutory charges:				
Retirement system	75,000	75,000	110,205	(35,205)
Total expenditures	4,237,363	4,374,494	3,716,238	658,256
Excess of revenues over (under) expenditures	-	-	366,035	366,035
Other financing resources				
Gain (loss) on investment sales	-	-	98,134	98,134
Proceeds of general fixed asset dispositions	-	-	19,161	19,161
Excess of revenues and other sources over (under) expenditures	\$ -	\$ -	483,330	483,330
Fund balance, beginning of year			25,626,481	
Fund balance, end of year			\$ 26,109,811	

See Independent Auditors' Report.

Red River Waterway Commission Schedule of the Employer's Proportionate Share of the Net Pension Liability

Parochial Employees' Retirement System of Louisiana (PERSLA) - Plan A

Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's 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 Payroll	Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability
2016	0.260802%	537,124	1,401,472	38%	94.15%
2015	0.271194%	713,862	1,554,917	46%	99.2%
2014	0.251196%	68,679	1,097,038	6%	99.1%
2013	0.243507%	17,305	1,285,206	1%	99.8%

*Amounts presented were determined as of the measurement date.

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

See Independent Auditors' Report.

**Red River Waterway Commission
Schedule of the Employer's Contributions to the
Fund and Notes to the Required Supplementary Information**

Parochial Employees' Retirement System of Louisiana (PERSLA) - Plan A

Year	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Employee Payroll	Contributions as a % of Required Contributions
2017	175,184	175,184	-	1,401,472	12.50%	100%
2016	201,071	201,071	-	1,546,700	13.00%	100%
2015	225,463	225,463	-	1,554,917	14.50%	100%
2014	175,526	175,526	-	1,097,038	16.00%	100%

*Amounts presented were determined as of the end of the fiscal year (December 31).

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

Notes to Required Supplementary Information

Changes of Benefit Terms

There were no changes of benefit terms for the year ended December 31, 2017.

Changes of Assumptions

There were no changes of benefit terms for the year ended December 31, 2017.

Supplementary Information

Red River Waterway Commission
Schedule of Per Diem Paid to Commission Members

For the year ended December 31, 2017

Name	Number of Meetings	Per Diem Paid
A. Paul Fleming	36	\$ 2,700
Randell A. Fletcher	27	2,025
James F. Maxey	30	2,250
W. Alvin Owens	10	750
Rogers M. Prestridge	21	1,575
Michael Simpson	21	1,575
William David Jones	21	1,575
Larry Kent Sayes	21	1,575
James D. Brown	17	1,275
David L. Crutchfield, II	18	1,350
Roy A. Burrell	10	750
Charles R. Greer	39	2,925
Ronald F. Lattier	2	150
Total	273	\$ 20,475

See Independent Auditors' Report.

**Red River Waterway Commission
Schedule of Compensation, Benefits, and Other
Payments to Agency Head or Chief Executive Officer**

Agency Head Name: Colin Brown

Purpose	Amount
Salary	\$ 127,089
Benefits-insurance	1,352
Benefits-retirement	15,886
Car allowance	3,600
Cell phone	1,123
Dues	737
Reimbursements	3,598
Travel	7,830
Total	\$ 161,215

See Independent Auditors' Report.

**Red River Waterway Commission
Schedule of Expenditures of Federal Awards**

For the year ended December 31, 2017

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Federal Emergency Management Agency			
Passed through the Louisiana Governor's Office of Homeland Security & Emergency Preparedness			
Disaster Grants - Public Assistance			
(Presidentially Declared Disasters) (Disaster 4263)	97.036	069-U14JT-00	1,352,661
Total Expenditures of Federal Awards			\$ 1,352,661

See Independent Auditors' Report.



Red River Waterway Commission Notes to the Schedule of Expenditures of Federal Awards

Note 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Red River Waterway Commission (RRWC) under programs of the federal government for the year ended December 31, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the RRWC, it is not intended to and does not present the financial position or changes in net assets of the RRWC.

Note 2 Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The RRWC has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance. There were no subrecipients in the current year.

Note 3 Matching Requirements

Certain federal programs require the RRWC to contribute non-federal funds (matching funds) to support the federally-funded programs. The RRWC has met its matching requirements. The Schedule does not include the expenditure of non-federal funds.

Note 4 Federal Emergency Management Agency Grant

Expenditures related to the Federal Emergency Management Agency Grant (CFDA #97.036) were incurred in the fiscal year ended December 31, 2016; however, the project worksheets that allow for reimbursement of funds to the Commission were approved in the fiscal year ended December 31, 2017.

Red River Waterway Commission Schedule of Findings and Questioned Costs

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Compliance and internal control over financial reporting:

 Significant deficiency(ies) identified? No

 Material weakness(es) identified? No

 Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

 Significant deficiency(ies) identified? No

 Material weakness(es) identified? No

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? No

Identification of major programs:

CFDA Number	Name of Program or Cluster
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee? No

Red River Waterway Commission Schedule of Findings and Questioned Costs

Section II – Financial Statement Findings Reported in Accordance with *Governmental Auditing Standards*

Current Year Findings and Responses

2017-001 Payroll Fraud Incident

Criteria or Specific Requirement:

Louisiana Revised Statute 14:138 states “Public payroll fraud is committed when: Any person shall knowingly receive any payment or compensation, or knowingly permit his name to be carried on any employment list or payroll for any payment or compensation from the state, for services not actually rendered by himself, or for services grossly inadequate for the payment or compensation received or to be received according to such employment list or payroll.” Article VII, Section 14 of the Louisiana Constitution states that “the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.”

Condition:

A former employee of the Commission was paid for work performed by another individual. The individual was formerly employed as a park attendant in the Operations and Maintenance Department. The individual received payroll checks totaling \$1,177 for 136 hours of work claimed between October 24, 2017 and December 15, 2017 that was not personally performed. The fraud was not reported to any law enforcement agencies and no charges have been filed. No restitution has been paid as of the date of the auditors’ report. The Commission did not file an insurance claim or notify the Louisiana Legislative Auditor and District Attorney of the incident in writing. The incident was detected by the Department Head in a timely manner.

Effect:

Payroll fraud and noncompliance with Article VII, Section 14 of the Louisiana Constitution occurred.

Cause:

A former employee utilized another individual to perform his job duties without informing the Commission. He continued to receive a payroll check for services rendered by the other individual.

Recommendation:

We recommend that the Commission notify the appropriate law enforcement agency, including the local District Attorney and Sheriff as well as the Louisiana Legislative Auditor should any fraud or misappropriation occur in the future.



Red River Waterway Commission Schedule of Findings and Questioned Costs

Views of responsible officials and corrective action plan:

The Commission will continue its procedures that detected the reported misappropriation in order to detect and deter any similar occurrences. All employees will be provided with a written reminder that their signature on their time sheets certifies the time that they worked and will be informed of consequences of following proper procedures. Should a similar instance occur, the Commission will notify the appropriate law enforcement agency, including the local District Attorney and Sheriff as well as the Louisiana Legislative Auditor.

Person responsible for corrective actions:

The Executive Director, and by extension the Department Heads, will be responsible for enforcing the corrective action plan.

Section III – Federal Award Findings and Questioned Costs

Current Year Findings and Responses

None

Financial Statement Findings Reported in Accordance with *Governmental Auditing Standards*

2017-001 Payroll Fraud Incident

Condition:

A former employee of the Commission was paid for work performed by another individual. The individual was formerly employed as a park attendant in the Operations and Maintenance Department. The individual received payroll checks totaling \$1,177 for 136 hours of work claimed between October 24, 2017 and December 15, 2017 that was not personally performed. The fraud was not reported to any law enforcement agencies and no charges have been filed. No restitution has been paid as of the date of the auditors' report. The Commission did not file an insurance claim or notify the Louisiana Legislative Auditor and District Attorney of the incident in writing. The incident was detected by the Department Head in a timely manner.

Corrective action planned:

The Commission will continue its procedures that detected the reported misappropriation in order to detect and deter any similar occurrences. All employees will be provided with a written reminder that their signature on their time sheets certifies the time that they worked and will be informed of consequences of following proper procedures. Should a similar instance occur, the Commission will notify the appropriate law enforcement agency, including the local District Attorney and Sheriff as well as the Louisiana Legislative Auditor.

Person responsible for corrective action:

The Executive Director, and by extension the Department Heads, will be responsible for enforcing the corrective action plan.

Anticipated completion date:

The corrective action plan will be put in place as soon as possible. It is anticipated to be completed in June 2018.

Federal Award Findings and Questioned Costs

None



Red River Waterway Commission Summary Schedule of Prior Audit Findings

Financial Statement Findings Reported in Accordance with *Governmental Auditing Standards*

2016-001 Under Collateralized Deposits

Condition:

We noted the certificates of deposit held at the Union Bank were not fully insured, causing the Red River Waterway Commission to have exposure totaling \$66,788.

Status:

Union Bank was contacted to resolve the issue regarding the funds that were not fully insured. This issue was resolved.

Subsequently, the Commission sent a letter to all banks that had Red River Waterway Commission CDs reminding them of the requirement that all Commission CD's must be properly insured or secured and asking them to ensure compliance.

Federal Award Findings and Questioned Costs

None

**Red River Waterway Commission
Natchitoches, Louisiana**

STATEWIDE AGREED-UPON PROCEDURES REPORT

For the fiscal period January 1, 2017 through December 31, 2017



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RIGGS &
INGRAM
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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Commissioners of the Red River Waterway Commission and the Louisiana Legislative Auditor:

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

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We obtained the entity's written policies and procedures and reported whether those written policies and procedures address each of the following financial/business functions (or reported that the entity does not have any written policies and procedures), as applicable:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

Result: *The policy and procedures appear to appropriately address the financial/business functions listed above.*

- 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.

Result: *The vendor addition process is not included in writing in the policies and procedures. The policies and procedures appear to appropriately address the other financial/business functions listed above.*

- c) **Disbursements**, including processing, reviewing, and approving.

Result: *The policy and procedures appear to appropriately address the financial/business functions listed above.*

- d) **Receipts**, including receiving, recording, and preparing deposits.

Result: *The policy and procedures appear to appropriately address the financial/business functions listed above.*

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Result: *The policy and procedures appear to appropriately address the financial/business functions listed above.*

- 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.

Result: *Policies and procedures made no specific of standard terms and conditions and also made no reference to any ongoing contract monitoring process. The policy and procedures appear to appropriately address the other financial/business functions listed above.*

- 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.

Result: *No specific mention of which position approves credit card expenditures in the policies and procedures. The policy and procedures appear to appropriately address the other financial/business functions listed above.*

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Result: *Dollar thresholds by category of expense were not included in the policies and procedures. The policy and procedures appear to appropriately address the other financial/business functions listed above.*

- 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.

Result: *The signature verification requirement was not specifically mentioned in the policies and procedures. The policy and procedures appear to appropriately address the other financial/business functions listed above.*

- j) **Debt Service**

Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Result: *No written policy related to EMMA reporting requirements. The policy and procedures appear to appropriately address the other financial/business functions listed above.*

Board (or Finance Committee, if applicable)

2. We obtained and reviewed the board/committee minutes for the fiscal period, and:
- a) We reported 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.

Result: *The Board of Commissioners met monthly with a quorum.*

- b) We reported 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).

Result: *The budget-to-actual comparisons were referenced in the minutes in the Treasurer's Report section. Meeting attendees received packets containing the budget-to-actual comparisons.*

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, we reported 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, we reported whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Result: *No budget-to-actual comparisons show that management was deficit spending during the fiscal period.*

- c) We reported 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.

Result: *All of the minutes inspected for the fiscal period referenced non-budgetary financial information.*

Bank Reconciliations

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

Result: *No exceptions noted in the procedures performed.*

4. Using the listing provided by management, we selected all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, we obtained bank statements and reconciliations for all months in the fiscal period and reported whether:

- a) Bank reconciliations have been prepared;

Result: *No exceptions were noted in the procedure performed.*

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

Result: *Bank reconciliations do not include evidence that a member of management or a board member has reviewed them.*

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

Result: *Management researches reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period but does not maintain documentation of its research.*

Collections

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

Result: *No exceptions noted in the procedures performed.*

6. Using the listing provided by management, we selected all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:

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

Result: *Employees involved with cash collections are not bonded, but are covered under appropriate insurance coverage; and do share cash registers and cash drawers (which are balanced out at each shift change) by at collection locations that were the subject of inquiry and record inspection.*

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

Result: *No exceptions noted in the procedures performed.*

- b) We selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, we traced daily collections to the deposit date on the corresponding bank statement and reported whether the deposits were made within one day of collection. If deposits were not made within one day of collection, we reported the number of days from receipt to deposit for each day at each collection location.

Result: *Deposits that were not made within one day of collection ranged between 1 and 22 days between collection and deposit.*

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

Result: *No exceptions noted in the procedures performed.*

7. We obtained existing written documentation (e.g. policy manual, written procedure) and reported whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency

fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Result: *No exceptions noted in the procedures performed.*

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

8. We obtained a listing of entity disbursements from management or, alternately, obtained the general ledger and sorted/filtered for entity disbursements. We obtained management's representation that the listing or general ledger population is complete.

Result: *No exceptions noted in the procedures performed.*

9. Using the disbursement population from #8 above, we randomly selected 25 disbursements (or randomly selected disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and reported whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Result: *All 25 disbursements were initiated using a requisition/purchase order system or an equivalent electronic system equivalent.*

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Result: *Purchase orders for one transaction selected were not approved by a person who did not initiate the purchase.*

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

Result:

- (1) *One out of the 25 disbursements selected did not have an approved requisition and/or purchase order, or electronic equivalent.*
- (2) *One out of the 25 disbursements selected did not have a receiving report showing receipt of goods purchased, or electronic equivalent.*
- (3) *One out of the 25 disbursements selected did not have an approved invoice or equivalent.*

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

Result: *No exceptions noted in the procedures performed.*

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

Result: *No exceptions noted in the procedures performed.*

12. We inquired of management and observed whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and reported any exceptions. Alternately, if the checks were electronically printed on blank check stock, we reviewed entity documentation (electronic system control documentation) and reported whether the persons with signatory authority have system access to print checks.

Result: *The Red River Waterway Commission uses a third-party CPA firm for check processing. Per inquiry with the CPA firm used, it was disclosed that the location the checks are maintained in is not locked but the only persons with access do not have signatory authority.*

13. If a signature stamp or signature machine is used, we inquired of the signer whether his or her signature was maintained under his or her control or was used only with the knowledge and consent of the signer. We inquired of the signer whether signed checks were likewise maintained under the control of the signer or authorized user until mailed. We reported any exceptions.

Result: *Per inquiry with the individuals whose signatures are used in stamps for check signing, the Red River Waterway Commission staff has both the Secretary Treasurer and the Assistant Secretary Treasurer's knowledge and consent for use of their signatures in this capacity.*

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

14. We obtained 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. We obtained management's representation that the listing is complete.

Result: *No exceptions were noted in the procedures performed.*

15. Using the listing prepared by management, we randomly selected 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

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

- a) We reported 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.]

Result: *No exceptions were noted in the procedures performed.*

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

Result: *No exceptions were noted in the procedures performed.*

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

a) For each transaction, we reported whether the transaction is supported by:

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

Result: *Itemized receipts not included for 5 meals out of the credit card transactions sample. Purchase orders and store receipts could not be located for another transaction in the sample.*

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

Result: *No exceptions noted in the procedures performed.*

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

Result: *No exception noted in the procedures performed.*

Travel and Expense Reimbursement

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

Result: *No exception noted in the procedures performed.*

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

Result: *The Red River Waterway Commission's written policies related to travel and expense reimbursement refers to the Louisiana Division of Administration rates as well as reimbursing actual costs.*

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

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

Result: *No exception noted in the procedure performed.*

- b) We reported whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Result: *Meal charge receipts included in sample did not include itemized receipt copies*

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Result: *Business purpose not written out on receipt.*

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

Result: *No exception noted in the procedures performed.*

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

Result: *No exception noted in the procedures performed.*

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

Result: *No exception noted in the procedures performed.*

Contracts

20. We obtained a listing of all contracts in effect during the fiscal period or, alternately, obtained the general ledger and sorted/filtered for contract payments. We obtained management's representation that the listing or general ledger is complete.

Result: *No exception noted in the procedures performed.*

21. Using the listing above, we selected the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to Carr, Riggs and Ingram, LLC). We obtained the related contracts and paid invoices and:

- a) We reported whether there is a formal/written contract that supports the services arrangement and the amount paid.

Result: *No exception noted in the procedures performed.*

- b) We compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. We reported whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
- If yes, we obtained/compared supporting contract documentation to legal requirements and reported whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, we obtained supporting contract documentation and reported whether the entity solicited quotes as a best practice.

Result: *For the 1 contract subject to the Louisiana Public Bid Law, no exceptions were found as a result of applying the procedure.*

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

Result: *A change order was made and the contract terms provided for such an amendment.*

- d) We selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and reported whether the invoice and related payment complied with the terms and conditions of the contract.

Result: *No exception noted in the procedures performed.*

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

Result: *No exception noted in the procedures performed.*

Payroll and Personnel

22. We obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing is complete.

Result: *No exception noted in the procedures performed.*

We randomly selected five employees/officials, obtained their personnel files, and:

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

Result: *No exception noted in the procedures performed.*

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

Result: *No exception noted in the procedures performed.*

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

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

Result: *No exceptions noted in the procedures performed.*

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

Result: *No exceptions noted in the procedures performed.*

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

Result: *No exceptions noted in the procedures performed.*

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

Result: *No exceptions noted in the procedures performed.*

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

Result: *No exceptions noted in the procedures performed.*

Other

26. We inquired of management whether the entity had any misappropriations of public funds or assets. If so, obtained/reviewed supporting documentation and reported whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Result: *One misappropriation of public funds or assets was brought to our attention by management.*

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

Result: *R.S. 24:523.1 was not posted on the premises or the website at the time of observation.*

28. If we observed or otherwise identified any exceptions regarding management's representations in the procedures above, we reported the nature of each exception.

Result: *The nature of all observed or identified exceptions were reported.*

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose.

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS, & INGRAM, LLC
Shreveport, Louisiana
June 11, 2018



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GOVERNOR

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Shawn D. Wilson, Ph.D.

EXECUTIVE DIRECTOR
Colin S. Brown, P.E.

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STATE OF LOUISIANA
RED RIVER



WATERWAY COMMISSION

Developing the Gift of River Living

**RED RIVER WATERWAY COMMISSION
MANAGEMENT'S RESPONSES TO STATEWIDE AGREED UPON PROCEDURES**

Management has reviewed the Independent Auditor's Report regarding the Statewide Agreed Upon Procedures. Management has, or will, implement changes to our policies and/or procedures where necessary to adopt best practices. We note the following policy specific items are designed to address the areas referenced:

Section 6b – Collections

It is the RRWC's policy to make deposits as practical and feasible. However, where possible, deposits shall be made at least weekly.

By: 
Colin S. Brown, P.E.
Executive Director