

LAKE PROVIDENCE PORT COMMISSION
Lake Providence, Louisiana

Annual Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 2017

LAKE PROVIDENCE PORT COMMISSION
 Lake Providence, Louisiana
 Annual Financial Statements
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Practice Limited to
Governmental Accounting,
Auditing and
Financial Reporting

Independent Auditor's Report

BOARD OF COMMISSIONERS
LAKE PROVIDENCE PORT COMMISSION
Lake Providence, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and major fund of the Lake Providence Port Commission, a component unit of the East Carroll Parish Police Jury, as of December 31, 2017, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

LAKE PROVIDENCE PORT COMMISSION

Lake Providence, Louisiana
Independent Auditor's Report,
December 31, 2017

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and major fund of the Lake Providence Port Commission as of December 31, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 10, and the schedule of the Ports' proportionate share of the net pension liability on pages 26 through 27, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lake Providence Port Commission's office basic financial statements. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of compensation, benefits, and other payments to agency head on page 28 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

LAKE PROVIDENCE PORT COMMISSION
Lake Providence, Louisiana
Independent Auditor's Report,
December 31, 2017

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated June 28, 2018, on my consideration of the Lake Providence Port Commission's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lake Providence Port Commission's internal control over financial reporting and compliance.



West Monroe, Louisiana
June 28, 2018

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

LAKE PROVIDENCE PORT COMMISSION
Lake Providence, Louisiana

Management's Discussion and Analysis
December 31, 2017

As management of the Lake Providence Port Commission, I offer readers of the Lake Providence Port Commission's financial statements this narrative overview and analysis of the financial activities of the Lake Providence Port Commission for the fiscal year ended December 31, 2017. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Lake Providence Port Commission exceeded liabilities by \$26,898,811. Approximately 99% of the Lake Providence Port Commission's net position reflects its investment in capital assets (e.g., property, plant, and equipment), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending.

| STATEMENT OF NET POSITION | | 2017 | 2016 |
|--|--|--------------|--------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | | \$86,525 | \$36,126 |
| Receivables | | 248,599 | 203,830 |
| Other assets | | 250 | 250 |
| Total current assets | | 335,374 | 240,206 |
| Restricted assets: | | | |
| Cash and cash equivalents | | 185,700 | 37,978 |
| Property, plant, and equipment (net of accumulated depreciation) | | 29,837,870 | 30,250,934 |
| TOTAL ASSETS | | 30,358,944 | 30,529,118 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension related | | 359,534 | 435,865 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | \$30,718,478 | \$30,964,983 |
| LIABILITIES | | | |
| Liabilities: | | | |
| Current liabilities payable from current assets: | | | |
| Accounts payable | | \$1,057 | \$6,945 |
| Payroll payable | | 15,025 | 14,525 |
| Payroll taxes payable | | 4,625 | 10,980 |
| Accrued interest payable | | 50,755 | 56,083 |
| Deferred revenues | | | 288,000 |
| Net pension liability | | 658,060 | 728,010 |
| Current portion of long-term debt | | 335,000 | 315,000 |
| Total current liabilities payable from current assets | | 1,064,522 | 1,419,543 |
| Long-term liabilities: | | | |
| Taxable Revenue Bonds | | 730,000 | 830,000 |
| Certificates of Indebtedness | | 1,945,000 | 2,180,000 |
| TOTAL LIABILITIES | | 3,739,522 | 4,429,543 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension related | | 80,145 | 87,249 |

NET POSITION

| | | |
|---|----------------------------|----------------------------|
| Invested in capital assets, net of related debt | \$26,827,870 | \$26,925,934 |
| Reserved | 185,700 | 37,978 |
| Unreserved - undesignated | <u>(114,759)</u> | <u>(515,721)</u> |
| Total Fund Equity | <u>26,898,811</u> | <u>26,448,191</u> |
| TOTAL NET POSITION | <u>\$30,718,478</u> | <u>\$30,964,983</u> |

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

| OPERATING REVENUES | <u>2017</u> | <u>2016</u> |
|--|----------------------------|----------------------------|
| Use of money and property - leases | <u>\$1,255,611</u> | <u>\$1,121,002</u> |
| OPERATING EXPENSES | | |
| Salaries and fringe benefits | 296,186 | 255,423 |
| Professional services | 20,539 | 28,489 |
| Advertising | 778 | 3,650 |
| Utilities | 5,803 | 8,049 |
| Telephone | 3,893 | 3,728 |
| Insurance | 2,729 | 3,317 |
| Materials and supplies | 2,448 | 4,190 |
| Travel | 15,023 | 20,191 |
| Dues and subscriptions | 11,560 | 6,827 |
| Repairs and maintenance | 17,699 | 22,771 |
| Depreciation | 601,769 | 582,621 |
| Other operating expenses | 6,758 | 25,920 |
| Total operating expenses | <u>985,185</u> | <u>965,176</u> |
| OPERATING INCOME | <u>270,426</u> | <u>155,826</u> |
| NON-OPERATING REVENUES (Expenses) | | |
| Federal grant | | |
| Ad valorem taxes | 154,322 | 149,858 |
| State revenue sharing | 3,809 | 3,394 |
| Interest income | 1,716 | 1,106 |
| Interest expense | (162,917) | (182,483) |
| Other non-operating income | 36,094 | 10,933 |
| Other non-operating expenses | (17,859) | (33,218) |
| Total General Revenues | <u>15,165</u> | <u>(50,410)</u> |
| NET INCOME BEFORE CONTRIBUTIONS | 285,591 | 105,416 |
| Capital contributions | <u>165,029</u> | <u>2,160,262</u> |
| CHANGE IN NET POSITION | <u>450,620</u> | <u>2,265,678</u> |
| NET POSITION AT BEGINNING OF YEAR | <u>26,448,191</u> | <u>24,182,513</u> |
| NET POSITION AT END OF YEAR | <u>\$26,898,811</u> | <u>\$26,448,191</u> |

Capital Asset and Debt Administration

Capital assets. The Port's investment in capital assets for its governmental activities as of December 31, 2017, amounts to \$29,837,870 (net of accumulated depreciation and related debt). This investment includes land, buildings, improvements other than buildings, equipment, vehicles and construction in progress. The Port's investment in capital assets increased by \$2,419,278, which consists of construction in progress and equipment for the year and deletions of \$2,230,573, which consisted of completed construction in progress for the year.

Long-term debt. The Port issued Taxable Revenue Bonds in 2014 for the purpose of repairing, rehabilitating or extending the rail lines owned by the port. At December 31, 2017, the amount of outstanding debt was \$830,000. During 2017, the Port made principal payments \$95,000 on these bonds.

The Port issued Certificates of Indebtedness in 2011 for the purpose of financing the costs of the acquisition, construction, and equipping of general capital improvements at the port. At December 31, 2017, there was an outstanding debt amount of \$2,180,000 for these certificates. During 2017, the Port made principal payments \$220,000 on these certificates.

At the end of the fiscal year, Lake Providence Port Commission had a net pension liability of \$658,060.

Requests for Information

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

June 28, 2018

**BASIC FINANCIAL STATEMENTS
(OVERVIEW)**

LAKE PROVIDENCE PORT COMMISSION
 Lake Providence, Louisiana
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 Statement of Net Position
 December 31, 2017

ASSETS

Current assets:

| | |
|----------------------|----------|
| Cash | \$86,525 |
| Receivables | 248,599 |
| Other assets | 250 |
| Total current assets | 335,374 |

Restricted assets:

| | |
|--|------------|
| Cash and cash equivalents | 185,700 |
| Property, plant, and equipment (net of accumulated depreciation) | 29,837,870 |

TOTAL ASSETS 30,358,944

DEFERRED OUTFLOW OF RESOURCES

Pension related 359,534

TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES \$30,718,478

LIABILITIES AND FUND EQUITY

Liabilities:

Current liabilities payable from current assets:

| | |
|--------------------------|---------|
| Accounts payable | \$1,057 |
| Payroll payable | 15,025 |
| Payroll taxes payable | 4,625 |
| Accrued interest payable | 50,755 |
| Net pension liability | 658,060 |

Current portion of long-term debt:

| | |
|------------------------------|---------|
| Taxable Revenue Bonds | 100,000 |
| Certificates of Indebtedness | 235,000 |

Total current liabilities payable from current assets 1,064,522

Long-term liabilities -

| | |
|------------------------------|-----------|
| Taxable Revenue Bonds | 1,945,000 |
| Certificates of Indebtedness | 730,000 |

Total liabilities 3,739,522

DEFERRED INFLOWS OF RESOURCES

Pension related 80,145

Net Position:

| | |
|---|------------|
| Invested in capital assets, net of related debt | 26,827,870 |
| Reserved | 185,700 |
| Unreserved - undesignated | (114,759) |
| Total net position | 26,898,811 |

TOTAL LIABILITIES AND FUND EQUITY \$30,718,478

The accompanying notes are an integral part of this statement.

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

Statement of Revenues, Expenses, and
 Changes in Fund Net Position
 For the Year Ended December 31, 2017

| | |
|---|----------------------------|
| OPERATING REVENUES | |
| Use of money and property - leases | <u>\$1,255,611</u> |
| OPERATING EXPENSES | |
| Salaries and fringe benefits | 296,186 |
| Professional services | 20,539 |
| Advertising | 778 |
| Utilities | 5,803 |
| Telephone | 3,893 |
| Insurance | 2,729 |
| Materials and supplies | 2,448 |
| Travel | 15,023 |
| Dues and subscriptions | 11,560 |
| Repairs and maintenance | 17,699 |
| Depreciation | 601,769 |
| Other operating expenses | 6,758 |
| Total operating expenses | <u>985,185</u> |
| OPERATING INCOME (LOSS) | <u>270,426</u> |
| NON-OPERATING REVENUES (Expenses) | |
| Ad valorem taxes | 154,322 |
| State revenue sharing | 3,809 |
| Interest income | 1,716 |
| Interest expense | (162,917) |
| Other non-operating income | 36,094 |
| Other non-operating expenses | (17,859) |
| Total non-operating revenues (expenses) | <u>15,165</u> |
| NET INCOME (LOSS) BEFORE CONTRIBUTIONS | 285,591 |
| Capital contributions | 165,029 |
| CHANGE IN NET POSITION | <u>450,620</u> |
| NET POSITION AT BEGINNING OF YEAR | <u>26,448,191</u> |
| NET POSITION AT END OF YEAR | <u><u>\$26,898,811</u></u> |

The accompanying notes are an integral part of this statement.

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

Statement of Cash Flows
 For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|-----------|
| Operating Income (loss) | \$270,426 |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | |
| Depreciation | 601,769 |
| Decrease in prepaids | (288,000) |
| Increase in receivables | (44,769) |
| Decrease in payables | (17,071) |
| Total adjustments | 251,929 |
| Net cash provided by operating activities | 522,355 |

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES**

| | |
|--|-----------|
| Acquisition and construction of capital assets | (188,705) |
| Principal paid on long-term debt | (315,000) |
| Interest paid on long-term debt | (162,917) |
| Pension expense | 12,664 |
| Ad valorem tax proceeds | 154,322 |
| State revenue sharing | 3,809 |
| Grant proceeds | 165,029 |
| Other | 4,848 |
| Total cash flows from capital and related financing activities | (325,950) |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|-------------------|-------|
| Interest earnings | 1,716 |
|-------------------|-------|

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

198,121

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

74,104

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$272,225

The accompanying notes are an integral part of this statement.

LAKE PROVIDENCE PORT COMMISSION
Lake Providence, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

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

LAKE PROVIDENCE PORT COMMISSION

Lake Providence, Louisiana

Notes to the Financial Statements (Continued)

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

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

B. FUND ACCOUNTING

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

C. BASIS OF ACCOUNTING

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

D. CAPITAL ASSETS AND LONG-TERM DEBT

Capital assets of the commission are included on the statement of net position of the Enterprise Fund at cost. Depreciation of all exhaustible capital assets is charged as an

LAKE PROVIDENCE PORT COMMISSION

Lake Providence, Louisiana

Notes to the Financial Statements (Continued)

expense against operations. Depreciation is computed using the straight-line method over an estimated useful life of: 40-70 years for buildings and improvements other than buildings; 5 to 20 years for equipment; and 5 to 10 years for furniture and fixtures. Long-term debt is recognized within the Enterprise Fund.

E. CASH AND CASH EQUIVALENTS

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

At December 31, 2017, the commission has cash and cash equivalents (book balances) totaling \$272,225 as follows:

| | |
|-----------------|------------------|
| Demand deposits | \$249,597 |
| Time deposits | <u>22,628</u> |
| Total | <u>\$272,225</u> |

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash (bank balances) at December 31, 2017, is \$273,372 and is fully secured by FDIC insurance.

F. VACATION AND SICK LEAVE

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

G. RISK MANAGEMENT

The port commission is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, and injuries to employees and others.

LAKE PROVIDENCE PORT COMMISSION

Lake Providence, Louisiana

Notes to the Financial Statements (Continued)

To handle such risk of loss, the port commission maintains insurance policies covering commercial property, professional liability, and workers compensation. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2017.

H. CONTRIBUTED CAPITAL

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

I. PENSION PLANS

The Lake Providence Port Commission's Office is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 5. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

2. LEVIED TAXES AND PRINCIPAL TAXPAYERS

The commission is authorized by voter approval to levy a 2.5 mill ad valorem tax in the parish for the purpose of carrying out its powers, including the payment of principal and interest on indebtedness incurred by the commission. The commission levied 3.57 mills for 2017. The difference between authorized and levied millages is the result of reassessments of taxable property in the parish as required by Article 7, Section 18 of the Louisiana Constitution of 1974. The following are the principal taxpayers for the parish and their 2017 assessed valuations:

| | 2017 Assessed Valuation | % of Total Assessed Valuation |
|-----------------------|-------------------------------|-------------------------------------|
| Trunkline Gas Company | \$5,212,050 | 10.75% |

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

| | 2017 Assessed Valuation | % of Total Assessed Valuation |
|---------------------------------|-------------------------------|-------------------------------------|
| Tennessee Gas Pipeline Company | \$2,342,200 | 4.83% |
| Columbia Gulf Transmission Co. | 2,340,730 | 4.83% |
| Southern Natural Gas Company | 1,800,460 | 3.71% |
| Agspring Mississippi Region LLC | 1,755,095 | 3.62% |
| Crop Production Services, Inc. | 1,381,826 | 2.85% |
| Entergy Louisiana, Inc. | 1,268,230 | 2.62% |
| Terral Riverservice, Inc. | 1,164,670 | 2.40% |
| CHS Inc. | 846,156 | 1.74% |
| Myriant Lake Providence, Inc. | 822,745 | 1.70% |
| Total | <u>\$18,934,162</u> | <u>39.04%</u> |

3. RECEIVABLES

The General Fund receivables of \$248,599 December 31, 2017, are as follows:

| <u>Class of Receivables</u> | |
|---|------------------|
| Taxes - ad valorem | \$154,281 |
| Intergovernmental - state funds - state revenue sharing (net) | 3,678 |
| Leases | 90,640 |
| Total | <u>\$248,599</u> |

4. CHANGES CAPITAL ASSETS

The following presents changes in proprietary fund capital assets for the year ended December 31, 2017:

| | Balance at January 1 | Additions | Deletions | Balance at December 31 |
|--------------------------------------|-------------------------|--------------------|----------------------|---------------------------|
| Land | \$1,003,498 | | | \$1,003,498 |
| Buildings | 2,930,797 | | | 2,930,797 |
| Improvements other than buildings | 30,474,611 | \$2,230,573 | | 32,705,184 |
| Equipment | 1,195,017 | | | 1,195,017 |
| Construction in progress | 3,047,769 | 188,705 | (\$2,230,573) | 1,005,901 |
| Total | <u>\$38,651,692</u> | <u>\$2,419,278</u> | <u>(\$2,230,573)</u> | <u>\$38,840,397</u> |
| Less accumulated depreciation | | | | (9,002,527) |
| Net capital assets | | | | <u>\$29,837,870</u> |

LAKE PROVIDENCE PORT COMMISSION

Lake Providence, Louisiana
Notes to the Financial Statements (Continued)

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

The Louisiana Employees' Retirement System (LASERS or the System) is the administrator of a cost-sharing multiple-employer defined benefit pension plan established by Section 401 of Title 11 of the Louisiana Revised Statutes (La R.S. 11:401) to provide retirement allowances and other benefits eligible state officers, employees, and their beneficiaries.

Summary of Significant Accounting Policies.

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

The System's employer pension schedules were prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. The member's earnable compensation is attributed to the employer for which the member is employed as of June 30, 2017.

Plan Fiduciary Net Position

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

Plan Description.

The System was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of La. R.S. 11:401, as amended for eligible state officers, employees and their beneficiaries. The projection of benefit payments in the calculation of the total pension liability includes

LAKE PROVIDENCE PORT COMMISSION

Lake Providence, Louisiana
Notes to the Financial Statements (Continued)

all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

The following is a description of the plan and its benefits and is provided for general information only.

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

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. Regular members are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 months of employment. Members in the regular plan will receive a 2.5% accrual rate.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. Access to the report can be found on the System's website: www.lasers.net or on the Office of Louisiana Legislative Auditor's website, www.lla.la.gov.

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

At December 31, 2017, the Port Commission reported a liability of \$658,060 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Port Commissions' proportion of the net pension liability was based on a projection of the Port Commissions' long-term share of contributions to the pension plan relative to the projected contributions of all participating employers', actuarially determined. At June 30, 2017, the Port Commissions' proportion was .009349 percent, which was an increase of .00008 from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Port Commission recognized pension expense of \$62,399. At December 31, 2017, the Port Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Beginning balance | \$422,548 | \$73,932 |
| Change in system deferred outflows and inflows of resources | (67,142) | 5,433 |
| Changes in proportionate share | 2,298 | 171 |
| Differences between port commission contributions and proportionate share of contributions | | 609 |
| Contributions for measurement period | (31,200) | |
| Port commission contributions subsequent to the measurement date | 33,030 | |
| Total | \$359,534 | \$80,145 |

\$33,03 reported as deferred outflows of resources related to pensions resulting from the Port Commissions' contributions subsequent to the measurement date will be recognized as a reduction of the 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 | (\$2,642) |
| 2019 | 19,251 |
| 2020 | 8,563 |
| 2021 | (13,248) |

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|----------------------------------|
| Inflation | 2.75% |
| Salary increases | Range of 3.8% to 12.8% |
| Investment rate of return | 7.70%, net of investment expense |

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

LAKE PROVIDENCE PORT COMMISSION

Lake Providence, Louisiana

Notes to the Financial Statements (Continued)

The discounted rate used to measure the total pension liability was 7.70%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the systems actuary. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Sensitivity of the Commissions’ proportionate share of the net pension liability to changes in the discount rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 7.70%, as well as what the employers’ net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate.

| | 1% Decrease (6.70%) | Current Discount Rate (7.70%) | 1% Increase (8.70%) |
|---|------------------------------------|--|------------------------------------|
| Commissions’ proportionate share of the net pension liability | \$826,120 | \$658,060 | \$515,170 |

6. LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended December 31, 2017:

| | Certificates of Indebtedness | Revenue Bonds | Total |
|---|---------------------------------|------------------|--------------------|
| Long-term debt payable at January 1, 2017 | \$2,400,000 | \$925,000 | \$3,325,000 |
| Additions | | | NONE |
| Reductions | (220,000) | (95,000) | (315,000) |
| Long-term debt payable at December 31, 2017 | <u>\$2,180,000</u> | <u>\$830,000</u> | <u>\$3,010,000</u> |

Long-term debt payable at December 31, 2017, is comprised of the following individual issues:

\$1,100,000 - Taxable Revenue Bonds issued April 29, 2014, are due in annual installments from \$85,000 to \$140,000 through December 1, 2024, with interest at 5.75 per cent per annum. \$830,000

LAKE PROVIDENCE PORT COMMISSION

Lake Providence, Louisiana

Notes to the Financial Statements (Continued)

\$2,500,000 - Certificates of indebtedness issued September 15, 2011, are due in annual installments from \$160,000 to \$265,000 through September 1, 2025, with interest at 4.59 per cent per annum. \$1,810,000

\$500,000 - Certificates of indebtedness issued September 15, 2011, are due in annual installments from \$30,000 to \$55,000 through September 1, 2025, with interest at 5.80 per cent per annum. 370,000

\$3,010,000

The annual requirements to amortize all outstanding debt at December 31, 2017, including interest of \$667,334 is as follows:

| <u>Year</u> | <u>Series 2011A</u> | <u>Series 2011B</u> | <u>Series 2014</u> | <u>Interest</u> | <u>Total</u> |
|-------------|---------------------|---------------------|--------------------|--------------------|--------------------|
| 2018 | \$278,079 | \$61,460 | \$147,725 | (\$152,264) | \$335,000 |
| 2019 | 274,129 | 59,140 | 146,975 | (135,244) | 345,000 |
| 2020 | 274,949 | 56,820 | 145,938 | (117,707) | 360,000 |
| 2021 | 275,310 | 59,500 | 149,613 | (99,423) | 385,000 |
| 2022 | 275,212 | 56,890 | 147,712 | (79,814) | 400,000 |
| 2023-2025 | <u>825,457</u> | <u>178,850</u> | <u>293,575</u> | <u>(112,882)</u> | <u>1,185,000</u> |
| Total | <u>\$2,203,136</u> | <u>\$472,660</u> | <u>\$1,031,538</u> | <u>(\$697,334)</u> | <u>\$3,010,000</u> |

7. LITIGATION AND CLAIMS

The Lake Providence Port Commission is not involved in any litigation at December 31, 2017, nor is it aware of any unasserted claims.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

Lake Providence Port Commission
Schedule of Employer's Share of Net Pension Liability
December 31, 2017

| Actuarial Valuation Date | Employer Proportion of the Net Pension Liability (Asset) | Employer Proportionate Share of the Net Pension Liability (Asset) | Employer's Covered Employee Payroll | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--------------------------------|---|--|--|---|--|
| June 30, 2014 | 0.008292% | \$455,365 | \$169,050 | 269.37% | 29.97% |
| June 30, 2015 | 0.009271% | \$728,010 | \$174,300 | 417.68% | 57.70% |
| June 30, 2016 | 0.009349% | \$658,060 | \$174,300 | 377.54% | 62.50% |

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

**Lake Providence Port Commission
Schedule of Employer Contributions
December 31, 2017**

| Actuarial Valuation Date | Contractually Required Contribution | Contributions in Relations to Contractual Required Contributions | Contribution Deficiency (Excess) | Employer's Covered Employee Payroll | Contributions as a Percentage of Covered Payroll |
|--------------------------------|---|--|--|--|--|
| June 30, 2014 | \$62,775 | \$62,775 | \$0 | \$169,050 | 37.13% |
| June 30, 2015 | \$63,620 | \$63,620 | \$0 | \$174,300 | 36.50% |
| June 30, 2016 | \$64,230 | \$64,230 | \$0 | \$174,300 | 36.85% |

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

LAKE PROVIDENCE PORT COMMISSION
Lake Providence, LouisianaSchedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended December 31, 2017

WILLIAM GILFOIL, PORT DIRECTOR

| PURPOSE | AMOUNT |
|-----------------------|---------------|
| Salary | \$111,300 |
| Benefits-retirement | 41,014 |
| Benefits-insurance | 17,101 |
| Benefits - medicare | 1,701 |
| Car Allowance | 6,000 |
| Housing and lodging | 582 |
| Mileage reimbursement | 4,040 |
| Meals | 687 |
| Other - tickets | 800 |
| Membership dues | 700 |

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

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

Member:
American Institute of
Certified Public Accountants
Society of Louisiana Certified
Public Accountants

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Practice Limited to
Governmental Accounting,
Auditing and
Financial Reporting

**Independent Auditor's Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance *Government Auditing Standards***

LAKE PROVIDENCE PORT COMMISSION
Lake Providence, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Lake Providence Port Commission, a component unit of the East Carroll Parish Police Jury, as of and for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the Lake Providence Port Commission's basic financial statements, and have issued my report thereon dated June 28, 2018.

Internal Control Over Financial Reporting

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

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

LAKE PROVIDENCE PORT COMMISSION
Lake Providence, Louisiana
Independent Auditor's Report on Compliance
And Internal Control Over Financial Reporting, etc.
December 31, 2017

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lake Providence Port Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lake Providence Port Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



West Monroe, Louisiana
June 28, 2018

LAKE PROVIDENCE PORT COMMISSION
Lake Providence, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017

A. SUMMARY OF AUDIT RESULTS

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

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

LAKE PROVIDENCE PORT COMMISSION
Lake Providence, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2017

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

Independent Accountant's Report
on Applying Agreed-Upon Procedures

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

To the Lake Providence Port Commission Office

I have performed the procedures enumerated below, which were agreed to by the management of the Lake Providence Port Commission's Office and the Louisiana Legislative Auditor, State of Louisiana, on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. Management of Lake Providence Port Commission's Office is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

AGREED-UPON PROCEDURES

1. WRITTEN POLICIES AND PROCEDURES

- A. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

The port director provided me with a copy of the agency's policy and procedures manual to test against the agreed upon procedures.

- B. Budgeting, including preparing, adopting, monitoring, and amending the budget.

The Lake Providence is an enterprise fund and the budget law does not apply to them.

- C. 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.

The purchasing policies and procedures are not in compliance with the agreed upon procedures guidelines due to the size of the agency. The policy and procedures outlines any purchases requiring compliance with the bid law. The port commission does not use purchase orders. All purchases are initiated and approved by the port director.

D. Disbursements, including processing, reviewing, and approving

The purchasing policies and procedures are not in compliance with the agreed upon procedures guidelines. The port director initiates all disbursements. An outside consultant prepares all checks and the port director and a board member sign all checks and approve all disbursements.

E. Receipts, including receiving, recording, and preparing deposits

The port commission has a written policy and procedures for receipts, recording and preparing documents. The port director opens the mail, and an outside consultant prepares the deposit and post the deposits in peachtree software. The outside consultant also makes the bank deposits. An outside consultant prepares the bank reconciliations.

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

The port commission has policies and procedures pertaining to payroll/personnel. It addresses several areas such as leave time, holiday time, compensatory time. The port director is responsible for tracking the leave time and other compensatory time.

G. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

The port commission has written policies and procedures concerning contracting. The port commission is in compliance with the AUP guidelines.

H. 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.

The port commission has a written polices and procedures addressing credit cards. The port commission does not have any credit cards.

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

The port commission has policies and procedures in place to cover the above categories.

J. 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.

The port commission has an ethics policies and procedures in place. All employees are now required to take the online ethics course.

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

The port commission has a written policies and procedures in place for debt service.

BOARD (OR FINANCE COMMITTEE, IF APPLICABLE)

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Port Commission has regular monthly meetings and budgets and financials are reviewed every meeting.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Budget to actual comparisons are presented at every monthly meeting.

- ▶ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

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

Budget information is discussed at every monthly meeting and all contracts or non-budgetary activity is approved by the board as needed.

BANK RECONCILIATIONS

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

The agency provided me with a certified list of all bank accounts.

4. Using the listing provided by management, select 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). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

The agency had a total of 6 bank accounts, so 5 bank accounts were selected to test the following:

A) Bank reconciliations have been prepared;

For the 5 bank accounts selected above, all were reconciled each month for the period tested.

B) Bank reconciliations include 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;

For the 5 bank accounts selected above, it was determined that the 5 bank reconciliations are performed by an outside consultant.

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.

For the 5 bank accounts selected above, 4 of the 5 accounts had no outstanding reconciling items over six months. One account has reconciling items over 6 months old.

COLLECTIONS

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

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

6. Using the listing provided by management, select 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). If there is a change in practitioners, the new practitioner is not

bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

The agency has 1 collection location. It was selected for testing for the following:

- A) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report 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.

The Port Commission's office has surety bonds that cover all employees that are responsible for collecting money. The agency has no cash drawers and does not collect any cash. The port director receives the payments and an outside consultant prepares the deposits, then posts receipts to the peachtree accounting software. Deposits are taken to the bank on the day that checks are received by an outside consultant. At the end of the month another outside consultant reconciles the bank statements.

- B) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report 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.

The checks received are deposited when received. The port commissions's office does not receive any cash. The deposit is made by an outside consultant and posted in the peachtree accounting software by an outside consultant.

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

The agency provided a certified list of the highest (dollar) week of cash collections for each collection location. We verified the highest week was September 17, 2017 thru September 23, 2017, which was tested for the following:

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

The funds were tested for deposits of collections. For the week tested, all of the funds made daily deposits.

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

The funds were tested for deposits of collections. All collections for the week tested had proper documentation. Deposits are made when the checks are received.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report 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.

The agency has a written policies or procedures to determine completeness of collections or revenue sources.

DISBURSEMENTS-GENERAL (EXCLUDING CREDIT CARD/DEBIT CARD/P-CARD PURCHASES OR PAYMENTS)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Agency provided a complete year to date general ledger for all funds and represented that the general ledgers were complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select 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/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report 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.

The Port Commission does not use purchase orders.

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

The Port Commission does not use purchase orders. The port director initiates and approves all purchases. One of the board members reviews invoices when they sign the checks.

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

Of the disbursements selected to be tested, all were processed with all of the required support.

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

Lake Providence Port Commission uses Peachtree software which does not allow them to restrict any user from adding vendors.

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

An outside consultant initiates all checks and the port director and a board member sign all checks. An outside consultant reconciles all of the bank accounts.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those person that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

The unused checks are stored in a secure location, but are not restricted to the employees with signatory authority.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The Lake Providence Port Commission's office does not use a signature check stamp.

CREDIT CARDS/DEBIT CARDS/FUEL CARDS/P-CARDS

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

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

15. Using the listing prepared by management, randomly select 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. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

From the list in #14, 2 cards were randomly selected to test the following:

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

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

The port commission does not have any credit cards.

- B) Report whether finance charges and/or late fees were assessed on the selected statements.

The Port Commission does not have any credit cards.

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

- A) For each transaction, report whether the transaction is supported by:
 - ▶ An original itemized receipt (i.e., identifies precisely what was purchased)

The port commission does not have any credit cards.

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

The port commission does not have any credit cards.

- ▶ Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

The port commission does not have any credit cards.

- B) For each transaction, compare 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 report any exceptions.

The port commission does not have any credit cards.

- C) For each transaction, compare 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 report 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, the practitioner should report the transaction as an exception.

The Port Commission does not have any credit cards.

TRAVEL AND EXPENSE REIMBURSEMENT

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

The agency provided me with a certified list of employees who received travel or related expense reimbursements during the testing period.

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

Agency has written policy and procedures for travel. The 2 employees that were paid the highest amount for travel or related expenses during the test period were tested against the written policies and procedures.

William Gilfoil, Port Director

1. Stayed in Baton Rouge, LA in April, 2017 at a rate of \$154 per night. The GSA rate is \$97 per night.

Sidney Lee Denny, employee

1. Stayed in Baton Rouge, LA in January, 2017 at a rate of \$159 per night. The GSA rate was \$97 per night.
 2. Stayed in New Orleans, LA in January, 2017 and charged \$37 for liquor to the hotel room for room service.
 3. Stayed in Baton Rouge, LA in April, 2017 at a rate of \$99 per night. The GSA rate was \$97 per night.
 4. Stayed in Baton Rouge, LA in April, 2017 at a rate of \$98 per night. The GSA rate was \$97 per night.
 5. Stayed in Baton Rouge, LA in June, 2017 at a rate of \$157 per night. The GSA rate was \$97 per night.
 6. Stayed in Washington, DC in September, 2017 at a rate of \$289 per night. The GSA rate was \$231 per night.
 7. Stayed in Hot Springs, AR in August, 2017 at a rate of \$149 per night. The GSA rate was \$101 per night.
 8. Stayed in Natchitoches, LA in November, 2017 at a rate of \$99 per night. The GSA rate was \$96 per night.
19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expense selected:

The 2 employees with the most travel costs during the test period were selected and tested for the following:

The port commission travel costs were tested against the written policies and procedures - exceptions noted above in question #18. It was also noted that the meal receipts are not the detailed receipts. There were 2 hotel stays with no supporting documentation. Sidney Denny was paid \$1,300 for airline tickets which had no supporting documentation. Mr. Denny also paid \$618 in registration fees with no supporting documentation. When employees are reimbursed for mileage they do not always provide support for the mileage reimbursements.

- A) Compare expense documentation to written policies and report 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, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

The agency has written policies or procedures for travel and the 2 employees that received the most reimbursements for travel and related were tested against the policy. Exceptions noted above in question #18. The agency is not providing detailed receipts for meals and no support is included for mileage reimbursements.

- B) Report 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.]

The 2 employees that received the most travel and related reimbursements during the test period were tested against the travel and related policies.

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

The 2 employees that received the most travel and related reimbursements during the test period were tested against the agency policies and procedures - exceptions noted above in question #18. Several travel reimbursements were made to employees with no supporting documentation, therefore unable to determine if the reimbursement was for business purposes.

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

No other documentation is required by the agency for travel reimbursements.

- C) Compare 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 report 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, the practitioner should report the transaction as an exception.

No violations of Article 7 Section 14 were noted during testing.

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

All employees that received any travel or related expense reimbursements during the test period were approved by the port director. The travel charges for the port director had no other approval.

CONTRACTS

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

The port commission did not have any contracts in effect during the test period.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices:

The 5 contracts that were paid the most money were selected from the list of contracts from #20 and tested for the following:

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

The port commission did not have any contracts.

- B) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- ▶ If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
- ▶ If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

The port commission did not have any contracts.

- C) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

The port commission did not have any contracts.

- D) Select the largest payment from each of the five contracts, obtain the supporting invoices, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

The port commission did not have any contracts.

- E) Obtain/review contract documentation and board minutes and report whether there is a documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

The port commission did not have any contracts.

PAYROLL AND PERSONNEL

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Agency provided a certified list of all employees with their authorized salaries. The only 2 employees were selected to test the following:

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

The 2 employees of the Port Commission that were chosen to be tested, were paid in accordance with the terms and conditions of their employment.

- B) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

All changes to the salaries of the 2 employees chosen were approved by the board in board meetings.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25

employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- A) Report whether all selected employees/official 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.)

Of the 2 employees selected, all employees that are eligible to earn leave time documented their daily attendance. The agency tracks leave time earned and used, to make sure no excess leave time is taken. The employees are allowed to accumulate leave time and carry forward. They are paid for any leave time upon termination.

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

Of the 2 employees that were selected, the port director approved the employees attendance and leave time. No one approved the port directors attendance and leave time.

- C) Report 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.

The agency tracks leave time on an excel spreadsheet.

24. Obtain 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, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

The agency provided a certified list of employees terminated during the test period. There were no employees terminated during the test period.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report 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.

During testing of the agency it was determined that the Lake Providence Port Commission's office is submitting payroll tax, retirement contributions and required forms by the required deadlines.

ETHICS (EXCLUDING NONPROFITS)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Agency was unable to provide support for ethics training for the 2 employees above.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

There were no ethics violations reported to the port commission's office during the test period.

DEBT SERVICE (EXCLUDING NONPROFIT)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

The Lake Providence Port Commission had no debt issued during the test period that required bond commission approval.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The Lake Providence Port Commission had outstanding debt during the test period and debt service payments were made as required by the debt covenants.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

The Lake Providence Port Commission had debt outstanding, but it is not associated with a tax millage.

OTHER

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

The Port commission's office has no known misappropriation of funds during the test period.

32. Observe and report 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.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

I observed the fraud hotline notice posted on the premises.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

There were no other exceptions noted during procedures.

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Mary Jo Finley, CPA
June 29, 2018

LAKE PROVIDENCE PORT COMMISSION

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

June 29, 2018

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

1. WRITTEN POLICIES AND PROCEDURES

C. Purchasing

Purchase orders are not used, the Port Director initiates purchases and all purchases are approved by the Commission.

D. Disbursements

The Port Director initiates all disbursements and all disbursements are approved by the Commission.

E. Receipts

The Port Director opens the mail, photocopies all receipts and an outside consultant prepares and makes the deposits.

BANK RECONCILIATIONS

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

COLLECTIONS

6. A) & B) Deposits are prepared and made by an outside consultant.

DISBURSEMENTS-GENERAL

9. B) See Item 1. D above

10. The Commission uses Peachtree software which does not allow them to restrict users.

11. There are not sufficient personnel to separate some of the duties outlined in the LLASAUP.

12. There are not sufficient personnel to satisfy the LLASAUP.

LAKE PROVIDENCE PORT COMMISSION

409 PORT ROAD
LAKE PROVIDENCE, LOUISIANA 71254-9801
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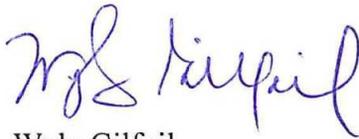
TRAVEL AND EXPENSE REIMBURSEMENT

18. Sometimes GSA rates are not available especially if you wait too long to make a reservation. Downtown Baton Rouge has been a particular problem with many FEMA personnel after the recent flooding.

19. A) B) D) Detailed receipts for meals and mileage reimbursements are being required going forward. The Commission approves all travel reimbursements.

ETHICS

The Deputy Director has taken Ethics courses but we failed to document. The Port Director shall take an Ethics course this year.



Wyly Gilfoil
Port Director