

Terrebonne Port Commission

Annual Financial Report
As of and for the
Year Ended December 31, 2017

Terrebonne Port Commission
Terrebonne Parish Consolidated Government

Annual Financial Report
As of and for the Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Terrebonne Port Commission
Terrebonne Parish Consolidated Government
Houma, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Terrebonne Port Commission (the Commission), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Terrebonne Port Commission as of December 31, 2017, and the respective changes in financial position and cash flows 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 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

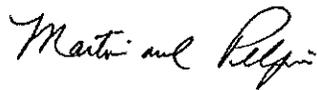
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Terrebonne Port Commission's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to the Executive Director on page 22 is presented for purposes of additional analysis and is not a required part of the financial statements.

The Schedule of Compensation, Benefits, and Other Payments to the Executive Director is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 Compensation, Benefits, and Other Payments to the Executive Director is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2018, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Commission's internal control over financial reporting and compliance.



Houma, Louisiana
May 14, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Port Commission
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis
December 31, 2017

As management of the Terrebonne Port Commission (the Commission), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Port for the year ended December 31, 2017.

FINANCIAL HIGHLIGHTS

- The Port Commission's assets exceeded its liabilities by \$75,000,318 (net position) as of December 31, 2017.
- The Commission's total net position decreased by \$378,509.
- The Port Commission received federal, state, and local contributions totaling \$1,526,414 for capital projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the Commission's basic financial statements. The Terrebonne Port Commission's basic financial statements consist of four components: 1) Statement of Net Position 2) Statement of Revenues, Expenses, and Change in Net Position, 3) Statement of Cash Flows, and 4) Notes to Financial Statements.

Statement of Net Position. This statement presents the Terrebonne Port Commission's assets and liabilities, with the difference of assets and liabilities reported as net position. The fluctuation in net position can be used as an indication of whether the financial position of the Commission is improving or deteriorating.

Statement of Revenues, Expenses, and Change in Net Position. Consistent with the full accrual basis method of accounting, this statement accounts for current year revenues and expenses regardless of when cash is received or paid. The statement also exhibits the relationship of revenues and expenses with the change in net position.

Statement of Cash Flows. The statement of cash flows illustrates the cash inflows and outflows of the Terrebonne Port Commission.

Notes to Financial Statements. The accompanying notes provide additional information essential to a full understanding of the data provided in the basic financial statements.

Terrebonne Port Commission
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis
December 31, 2017

BASIC FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the Commission, assets exceeded liabilities by \$74,666,818 at the close of the most recent year, December 31, 2017. The largest portion of the Commission's total assets is net capital assets (98%).

The Commission's Net Position

	December 31,	
	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,210,959	\$ 1,009,820
Accounts receivable	130,517	-
Due from other governmental units	69,142	521,322
Other current assets	107,799	117,109
Capital assets, net of accumulated depreciation	79,356,869	80,756,357
Total assets	80,875,286	82,404,608
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	245,668	245,078
Line of credit	-	500,000
Due to Terrebonne Parish Consolidated Government	15,210	14,860
Unearned revenues	-	76,278
Post-employment benefits obligation	70,090	55,565
Certificates of indebtedness		
Due within one year	612,000	590,000
Due in more than one year	4,932,000	5,544,000
Total liabilities	5,874,968	7,025,781
NET POSITION		
Net investment in capital assets	73,812,869	74,622,357
Unrestricted	1,187,449	756,470
Total net position	\$ 75,000,318	\$ 75,378,827

- Total assets decreased by \$1,529,322, and total liabilities decreased by \$1,150,813.
- The decrease in assets is attributable to decreases in net capital assets of \$1,399,488 and due from other governmental units of \$452,180.
- The decrease in liabilities is attributable to decreases in the line of credit of \$500,000 and certificates of indebtedness of \$590,000.

Terrebonne Port Commission
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis
December 31, 2017

During the year, the Commission's net position decreased by \$378,509. The elements of the decrease are as follows:

The Commission's Change in Net Position

	Year Ended December 31,	
	2017	2016
REVENUES		
Dry dock rental fees	\$ 873,368	\$ 793,368
Rental fees	423,934	444,632
Office rental fees	364,973	364,055
Deepwater Horizon settlement	-	139,394
Administrative income	-	1,525
Total revenues	1,662,275	1,742,974
OPERATING EXPENSES		
Depreciation	2,914,630	2,745,565
Personal services	393,107	365,832
Contractual services	212,623	246,042
Other services and charges	89,658	100,933
Repairs and maintenance	46,176	36,540
Supplies, materials, and technology	16,349	8,994
Total expenses	3,672,543	3,503,906
OTHER INCOME (EXPENSE)		
Donation of land	333,500	-
Interest income	913	1,074
Interest expense	(229,068)	(118,694)
Loss on exchange of property	-	(2,052,999)
Total other income (expense)	105,345	(2,170,619)
LOSS BEFORE CONTRIBUTIONS	(1,904,923)	(3,931,551)
CAPITAL CONTRIBUTIONS	1,526,414	2,419,714
DECREASE IN NET POSITION	\$ (378,509)	\$ (1,511,837)

As indicated above, net position decreased by \$378,509. This decrease is primarily the result of an increase in depreciation expense and a decrease in capital contributions received.

Terrebonne Port Commission
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis
December 31, 2017

The Commission's Cash Flows

	Year Ended December 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from tenants	\$ 1,455,980	\$ 1,714,349
Cash received from other sources	-	140,919
Cash paid to employees and suppliers	(964,675)	(610,972)
Net cash flows provided by operating activities	491,305	1,244,296
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Investment income	913	1,074
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(950,605)	(3,478,667)
Proceeds on exchange of buildings	-	101,543
Capital contributions	1,978,594	1,898,392
Advances (repayments) on line of credit	(500,000)	500,000
Principal payments on certificates of indebtedness	(590,000)	(571,000)
Interest payments on certificates of indebtedness	(229,068)	(118,694)
Net cash flows used in capital and related financing activities	(291,079)	(1,668,426)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 201,139	\$ (423,056)

Total cash and cash equivalents increased by \$201,139. This increase is primarily due to the collection of amounts due from other governmental units.

Terrebonne Port Commission
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis
December 31, 2017

CAPITAL ASSETS

Capital assets include land, construction in progress, land improvements, equipment, buildings, and infrastructure recorded at a historical cost of \$97,585,197. Accumulated depreciation as of December 31, 2017 is \$18,228,328 resulting in an ending book balance of \$79,023,369. Depreciation expense of \$2,914,630 was recorded for the year.

More detailed information about the capital assets is presented in the notes to financial statements. However, a summary of current and prior year capital assets is found below:

	<u>2017</u>	<u>2016</u>
Land	\$ 1,765,974	\$ 1,432,474
Construction in progress	684,374	1,445,735
Land improvements	2,303,637	2,303,637
Equipment	112,253	75,822
Buildings	8,173,171	6,267,166
Infrastructure	<u>84,545,788</u>	<u>84,545,788</u>
	97,585,197	96,070,622
Less accumulated depreciation	<u>(18,228,328)</u>	<u>(15,314,265)</u>
Total capital assets, net	<u>\$ 79,356,869</u>	<u>\$ 80,756,357</u>

CERTIFICATES OF INDEBTEDNESS

Certificates of indebtedness are recorded as liabilities. The total amount of principal paid on these notes during the year was \$1,161,000 resulting in an ending balance of \$5,544,000.

Interest paid on certificates of indebtedness was \$217,272. More detailed information about the certificates of indebtedness is presented in the notes to financial statements.

REQUEST FOR INFORMATION

This financial report is designed to provide general overview of the Commission's finances for all those with such an interest. Call the Terrebonne Port Commission office (985-873-6428), and ask for David Rabalais, Port Director, if you should have any further questions concerning any of the information provided in this report or have a request for additional financial information.

FINANCIAL STATEMENTS

Terrebonne Port Commission
 Terrebonne Parish Consolidated Government
 Proprietary Fund – Enterprise Fund

Statement of Net Position
 December 31, 2017

ASSETS

Current assets

Cash and cash equivalents	\$ 1,210,959
Receivable	130,517
Due from other governmental unit	69,142
Prepaid insurance	9,569
Prepaid interest	98,230
Total current assets	1,518,417

Capital assets, net of accumulated
 depreciation of \$18,228,328

79,356,869

TOTAL ASSETS

80,875,286

LIABILITIES

Current liabilities

Accounts payable and accrued expenses	245,668
Due to Terrebonne Parish Consolidated Government	15,210
Total current liabilities	260,878

Post-employment benefits obligation

70,090

Certificates of indebtedness

Due within one year	612,000
Due in more than one year	4,932,000
	4,932,000

TOTAL LIABILITIES

5,874,968

NET POSITION

Net investment in capital assets
 Unrestricted

73,812,869
 1,187,449

TOTAL NET POSITION

\$ 75,000,318

See accompanying notes.

Terrebonne Port Commission
 Terrebonne Parish Consolidated Government
 Proprietary Fund – Enterprise Fund

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

REVENUES	
Dry dock rental fees	\$ 873,368
Rental fees	423,934
Office rental fees	<u>364,973</u>
TOTAL REVENUES	<u>1,662,275</u>
EXPENSES	
Depreciation	2,914,630
Personal services	393,107
Contractual services	212,623
Other services and charges	89,658
Repairs and maintenance	46,176
Supplies, materials, and technology	<u>16,349</u>
TOTAL EXPENSES	<u>3,672,543</u>
OPERATING LOSS	<u>(2,010,268)</u>
OTHER INCOME (EXPENSE)	
Donation of land	333,500
Interest income	913
Interest expense	<u>(229,068)</u>
TOTAL OTHER INCOME (EXPENSE)	<u>105,345</u>
LOSS BEFORE CONTRIBUTIONS	(1,904,923)
CAPITAL CONTRIBUTIONS (NOTE 5)	<u>1,526,414</u>
CHANGE IN NET POSITION	(378,509)
NET POSITION - Beginning	<u>75,378,827</u>
NET POSITION - Ending	<u><u>\$ 75,000,318</u></u>

See accompanying notes.

Terrebonne Port Commission
Terrebonne Parish Consolidated Government
Proprietary Fund – Enterprise Fund

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

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from tenants	\$ 1,455,980
Cash paid to employees and suppliers	(964,675)
Net cash flows provided by operating activities	491,305
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	
Investment income received	913
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(950,605)
Capital contributions	1,978,594
Payments on line of credit	(500,000)
Principal payments on certificates of indebtedness	(590,000)
Interest payments on certificates of indebtedness	(229,068)
Net cash flows used in capital and related financing activities	(291,079)
Net increase in cash and cash equivalents	201,139
CASH AND CASH EQUIVALENTS, beginning	1,009,820
CASH AND CASH EQUIVALENTS, ending	\$ 1,210,959
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (2,010,268)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	2,914,630
(Increase)/decrease in:	
Receivable	(130,017)
Prepaid insurance	(1,596)
Prepaid interest	10,406
Increase/(decrease) in:	
Accounts payable and accrued expenses	(230,097)
Unearned revenues	(76,278)
Post-employment benefits obligation	14,525
Net cash flows provided by operating activities	\$ 491,305
NONCASH OPERATING AND INVESTING ACTIVITIES:	
Capital assets included in accounts payable	\$ 231,037
Donation of land	\$ 333,500

See accompanying notes.

Terrebonne Port Commission
Terrebonne Parish Consolidated Government

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Terrebonne Port Commission was created by the City of Houma and the Terrebonne Parish Police Jury in 1964, as authorized by Louisiana Revised Statute 34:2201. On January 9, 1984, after a vote of the citizens of Terrebonne Parish, the City of Houma and the Terrebonne Parish Police Jury were consolidated to form the Terrebonne Parish Consolidated Government. The Port Commission is governed by a seven-member board. The Terrebonne Parish Consolidated Government (Parish Council) appoints three members; the Parish President nominates two; and the South Central Industrial Association and the Houma-Terrebonne Chamber of Commerce nominate one each. The Port Commission is responsible for maintaining, operating, and developing the Terrebonne Port, located on the Houma Navigation Canal within one-mile of its intersection with the Gulf Intracoastal Waterway. The Port Commission is also responsible for maintaining and improving the waterways of Terrebonne Parish.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

A. REPORTING ENTITY

Because the Consolidated Government and Parish President appoint a majority of the governing board and can therefore impose their will, the Terrebonne Port Commission was determined to be a component unit of the Terrebonne Parish Consolidated Government, the governing body of the Parish and the governmental body with financial accountability.

The accompanying financial statements present information only on the funds maintained by the Commission and do not present information on the Consolidated Government, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

The Commission has reviewed all of its activities and determined that there are no potential component units that should be included in its financial statements.

B. METHOD OF ACCOUNTING

GASB statements established standards for external financial reporting for all state and local governmental entities. For enterprise funds such as the Port, this includes a statement of net position, a statement of revenues, expenses and change in net position, and a statement of cash flows. It requires the classification of net position

Terrebonne Port Commission
Terrebonne Parish Consolidated Government

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

The basic financial statements of the Commission are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

C. FUND TYPES

The Terrebonne 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, net position, 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.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures 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 accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recorded when they are incurred.

Terrebonne Port Commission
Terrebonne Parish Consolidated Government

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

E. CASH AND CASH EQUIVALENTS

The Commission considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

F. BAD DEBTS

The financial statements of the Commission contain no allowance for bad debts. Uncollectible amounts are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the Commission.

G. CAPITAL ASSETS

Capital assets of the Port Commission, excluding donated property and equipment, are valued at cost. All donated property and equipment are recorded at estimated fair market value on the date of the donation. Assets are capitalized if costs exceed \$500 and if they have an estimated useful life of at least one year. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Capital assets reported on the statement of net position are net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of the individual asset. Estimated useful lives of assets range from 5 to 40 years.

H. OTHER POST-EMPLOYMENT BENEFITS

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pensions*, requires governments to accrue postemployment benefits to the extent it is probable the employer will provide benefits conditioned on the employees' retirement. The Commission has recorded liabilities for postemployment health care benefits as of December 31, 2017.

The postemployment benefits liability is recorded as a long-term obligation and allocated to expenses on a functional basis.

I. ACCUMULATED VACATION AND SICK LEAVE

Upon separation of employment, employees are compensated for accumulated vacation leave at the employee's current rate of pay. As of December 31, 2017, employees had accumulated \$14,631 of employee leave benefits. Sick leave is not a vested benefit and will not be paid upon termination.

Terrebonne Port Commission
Terrebonne Parish Consolidated Government

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

J. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – DEPOSITS

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 another state in the Union, or the laws of the United States.

State law also requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

The year end balances of deposits are as follows:

	<u>Bank Balance</u>	<u>Reported Amount</u>
Cash	\$1,218,547	\$1,210,959

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission has a written policy for custodial credit risk. As of December 31, 2017, \$718,547 of the Commission's bank balance of \$1,218,547 was exposed to credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Commission's name.

As of December 31, 2017, cash was adequately collateralized in accordance with state law by federal deposit insurance and securities held by an unaffiliated bank for the account of the Commission. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers the securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Terrebonne Port Commission
Terrebonne Parish Consolidated Government

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

NOTE 3 – CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance January 1, 2017	Additions/ Reclassifications	Deletions/ Reclassifications	Balance December 31, 2017
Capital assets, not being depreciated:				
Land	\$ 1,432,474	\$ 333,500	\$ -	\$ 1,765,974
Construction in progress	1,445,735	1,074,397	(1,835,758)	684,374
Total capital assets not being depreciated	2,878,209	1,407,897	(1,835,758)	2,450,348
Capital assets being depreciated:				
Land improvements	2,303,637	-	-	2,303,637
Equipment	75,822	36,998	(567)	112,253
Buildings	6,267,166	1,906,005	-	8,173,171
Infrastructure	84,545,788	-	-	84,545,788
Total capital assets being depreciated	93,192,413	1,943,003	(567)	95,134,849
Less accumulated depreciation:				
Land improvements	(46,697)	(153,576)	-	(200,273)
Equipment	(37,867)	(14,242)	567	(51,542)
Buildings	(330,489)	(206,493)	-	(536,982)
Infrastructure	(14,899,212)	(2,540,319)	-	(17,439,531)
Accumulated depreciation	(15,314,265)	(2,914,630)	567	(18,228,328)
Totals	\$ 80,756,357	\$ 436,270	\$ (1,835,758)	\$ 79,356,869

Construction in progress includes slip dredging, road extension, bulkhead extension, and other small projects.

For the year ended December 31, 2017, depreciation expense was \$2,914,630.

Terrebonne Port Commission
Terrebonne Parish Consolidated Government

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

NOTE 4 – CERTIFICATES OF INDEBTEDNESS

The Commission has outstanding certificates of indebtedness as follows:

<u>Certificate of Indebtedness Number</u>	<u>Balance as of December 31, 2017</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
1	\$ 3,520,000	4.00%	July 1, 2025
2	\$ 2,024,000	2.75%	July 1, 2025

Each certificate is secured by a dedication of the Commission's pledged revenues.

The following is a summary of changes in the certificates of indebtedness of the Commission for the year ended December 31, 2017:

	<u>Certificates of Indebtedness</u>
Payable as of January 1, 2017	\$ 6,134,000
Debt incurred	-
Debt retired	<u>(590,000)</u>
Payable as of December 31, 2017	<u>\$ 5,544,000</u>

The requirements to amortize the certificates of indebtedness outstanding as of December 31, 2017 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 382,000	\$ 140,800	\$ 522,800
2019	397,000	125,520	522,520
2020	413,000	109,640	522,640
2021	430,000	93,120	523,120
2022	447,000	75,920	522,920
Thereafter	<u>1,451,000</u>	<u>117,600</u>	<u>1,568,600</u>
Number 1 Totals	<u>\$ 3,520,000</u>	<u>\$ 662,600</u>	<u>\$ 4,182,600</u>
2018	\$ 230,000	\$ 55,660	\$ 285,660
2019	236,000	49,335	285,335
2020	242,000	42,845	284,845
2021	249,000	36,190	285,190
2022	256,000	29,343	285,343
Thereafter	<u>811,000</u>	<u>45,017</u>	<u>856,017</u>
Number 2 Totals	<u>\$ 2,024,000</u>	<u>\$ 258,390</u>	<u>\$ 2,282,390</u>

Terrebonne Port Commission
Terrebonne Parish Consolidated Government

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

NOTE 4 – CERTIFICATES OF INDEBTEDNESS (Cont.)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 612,000	\$ 196,460	\$ 808,460
2019	633,000	174,855	807,855
2020	655,000	152,485	807,485
2021	679,000	129,310	808,310
2022	703,000	105,263	808,263
Thereafter	<u>2,262,000</u>	<u>162,617</u>	<u>2,424,617</u>
Totals	<u>\$ 5,544,000</u>	<u>\$ 920,990</u>	<u>\$ 6,464,990</u>

NOTE 5 – CAPITAL CONTRIBUTIONS

During the year ended December 31, 2017, the Commission received capital contributions from the following:

State of Louisiana, Office of Facility Planning and Control	\$ 783,119
Federal Emergency Management Agency	450,000
Tenants	<u>293,295</u>
	<u>\$ 1,526,414</u>

These contributions were designated for use in the road extension, bulkhead extension, the government multi-use complex, and other smaller projects.

NOTE 6 – LEASE REVENUE

The Commission leases various parcels of land located at the port to industrial and business concerns. These are noncancelable leases with obligated terms ranging from five to twenty years. The operating lease income for the year ended December 31, 2017 was \$423,934.

The Commission leases bulkhead space and a dry dock to two companies under written agreements. The noncancelable leases are for forty years. The operating lease income for the year ended December 31, 2017 was \$873,368.

The Commission entered into two written agreements to lease office space to an unrelated party. The first lease commenced on August 1, 2013 and expires on August 1, 2023. Monthly payments of \$2,197 are required. The second lease commenced on August 1, 2014 and expires on July 1, 2029. Monthly payments of \$28,166 are required for the first ten years and \$17,715 for the last five years. The operating lease income for the year ended December 31, 2017 was \$364,973.

Terrebonne Port Commission
Terrebonne Parish Consolidated Government

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

NOTE 6 – LEASE REVENUE (Cont.)

The following is a schedule of future minimum rental income from noncancelable operating revenue leases as of December 31, 2017:

<u>Year Ending December 31,</u>	
2018	\$ 1,610,485
2019	1,464,339
2020	1,275,001
2021	1,275,001
2022	1,275,001
Thereafter	<u>16,855,302</u>
	<u>\$ 23,755,129</u>

NOTE 7 – POST-EMPLOYMENT BENEFITS

The Commission's employees are offered post-employment hospitalization and life insurance benefits under a defined benefit healthcare plan provided and administered by the Terrebonne Parish Consolidated Government. The Commission's liability related to the plan as of December 31, 2017 is \$70,090. Plan information, including actuarial valuation information and funding status, can be found in the annual financial report of the Terrebonne Parish Consolidated Government.

NOTE 8 – PENSION PLAN

Employees of the Terrebonne Parish Consolidated Government are members of the State of Louisiana Parochial Employees' Retirement System (PERS). Membership in the retirement system is compulsory at date of employment. Membership is cancelled only by death, resignation, or retirement. Retirement benefits are based upon PERS provisions in place at the time of retirement. Retirement expense for the year ended December 31, 2017 was \$21,760. Plan information, including actuarial valuation information and funding status, can be found in the annual report of the Terrebonne Parish Consolidated Government.

Terrebonne Port Commission
Terrebonne Parish Consolidated Government

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

NOTE 9 – COMPENSATION OF BOARD MEMBERS

As provided by Louisiana Revised Statute 2:603, the Commissioners have elected to use the monthly meeting method of compensation. Under this method, the chairman and other board members receive a \$60 payment for each meeting attended with a limit of two paid meetings per month. The compensation is included in personal services expense on the statement of revenues, expenses, and change in net position. The following amounts were paid to commissioners for the year ended December 31, 2017:

Greg Landry	\$ 780
Andrew Blanchard	720
Dan Davis	660
Edward Rome	600
James Erny	600
Steve Crispino	-
Charles Giglio	-
	<hr/>
Total	<u>\$ 3,360</u>

NOTE 10 – RISK MANAGEMENT

The Commission is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to the public; and natural disasters for which the Commission carries commercial insurance or other insurance for the losses to which it is exposed. No settlements were made during the year that exceeded the Commission's insurance coverage. The Commission's premiums for general liability are based on various factors such as its operations and maintenance budget, exposure, and claims experience.

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events were evaluated through May 14, 2018, which is the date the financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Terrebonne Port Commission
Terrebonne Parish Consolidated Government

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

NOTE 11 – SUBSEQUENT EVENTS (Cont.)

Terrebonne Port Commission entered into a loan and assignment agreement with Louisiana Local Government Environmental Facilities and Community Development Authority on March 1, 2018. The amount of the agreement is not to exceed \$8,000,000. The funds are to be used for a bulkhead upgrade and extension project.

OTHER INFORMATION

Terrebonne Port Commission
Terrebonne Parish Consolidated Government

*Schedule of Compensation, Benefits, and Other
Payments to the Executive Director
For the Year Ended December 31, 2017*

Agency Head Name: David Rabalais, Executive Director

Purpose	Amount
Salary	\$ 138,531
Benefits - insurance	19,050
Benefits - retirement	15,293
Reimbursements	11,680
Car allowance/automobile expense	7,200
Travel	6,843
Cell phone allowance	1,800
Conference travel	-
Benefits - other	-
Deferred compensation	-
Vehicle provided by government	-
Per diem	-
Registration fees	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

This schedule is used to satisfy the reporting requirements of R.S. 24:513(A)(3).

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified Public Accountants
(A Professional Corporation)*

Ph. (985) 851-3638
Fax (985) 851-3951

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

To the Board of Commissioners
Terrebonne Port Commission
Terrebonne Parish Consolidated Government
Houma, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Terrebonne Port Commission (the Commission), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Commission's financial statements, and have issued our report thereon dated May 14, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompany schedule of findings and responses, item 2017-002, that we consider to be a significant deficiency.

Compliance and Other Matters

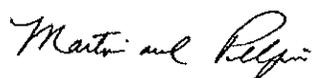
As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material 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 that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2017-001.

The Commission's Response to Findings

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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended solely for the information and use of the Board of Commissioners, management, the State of Louisiana, pass-through grantors, and the Louisiana Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Houma, Louisiana
May 14, 2018

Terrebonne Port Commission
Terrebonne Parish Consolidated Government

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

Section I – Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on the basic financial statements of the Terrebonne Port Commission.
2. One significant deficiency in internal control (see finding 2017-002) was noted during the audit of the financial statements.
3. One instance of noncompliance required to be reported in accordance with *Government Auditing Standards* was disclosed during the audit.
4. A management letter was not issued.
5. The Commission received \$450,000 in federal funds during the year.

Section II – Financial Statement Findings

2017-001

Statement of Condition: During the year ended December 31, 2017, the Commission “junked” capital assets without offering for sale as prescribed by state law.

Criteria: State law requires governmental entities wishing to retire surplus moveable property to follow precise statutory guidelines when doing so, including the establishment of the fair value of such items and the offering of such items for sale via applicable legal bid processes.

Effects of Condition: As related to the disposal of the capital assets, the Commission was not in compliance with Louisiana state surplus movable property laws.

Cause of Condition: As the management of the Commission deemed the capital assets worthless due to their age and condition, they did not believe that the disposition was subject to the state surplus moveable property laws.

Recommendation: We suggest that the Commission’s management better its familiarity with the applicable state surplus moveable property laws to ensure that all future capital asset dispositions are appropriately completed.

Terrebonne Port Commission
Terrebonne Parish Consolidated Government

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

Response: The management of the Terrebonne Port Commission agrees with this finding.

Questioned Costs: \$ -0-

Section III – Internal Control Findings

2017-002

Statement of Condition: A significant deficiency in the Commission's internal control.

Criteria: In our consideration of internal control, we noted that the size of the Commission's operations and its limited accounting staff preclude an inadequate segregation of duties and other features of an adequate system of control.

Effect of Condition: The internal control, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Cause of Condition: The size of Commission's operations and its limited accounting staff preclude an inadequate segregation of duties and other features of an adequate system of internal control.

Recommendation: The Board of Commissioners of the Commission should closely monitor the day-to-day activities of the Commission.

Response: The management of Terrebonne Port Commission concurs with this finding.

Questioned Costs: \$ -0-

Section IV – Federal Awards

This section is not applicable.

Terrebonne Port Commission
Terrebonne Parish Consolidated Government

Management's Corrective Action Plan for Current Year Findings
For the Year Ended December 31, 2017

The contact person for all corrective actions noted below is Mr. David Rabalais, Executive Director.

Section I – Internal Control and Compliance

Disposal of Surplus Movable Property

Condition: During the year ended December 31, 2017, the Commission “junked” capital assets without offering for sale as prescribed by state law.

Recommendation: We suggest that the Commission’s management better its familiarity with the applicable state surplus moveable property laws to ensure that all future capital assets dispositions are appropriately completed.

Planned Action: Management will implement the recommendation.

Inadequate Internal Control

Condition: A significant deficiency in the internal control related to lack of segregation of duties.

Recommendation: The Board of Commissioners of the Commission should closely monitor the day-to-day activities of the Commission.

Planned Action: The Board of Commissioners will closely monitor the day-to-day activities of the Commission.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

Terrebonne Port Commission
Terrebonne Parish Consolidated Government

Schedule of Prior Findings and Responses
For the Year Ended December 31, 2017

Note: All prior findings relate to the December 31, 2016 audit engagement.

Section I – Internal Control and Compliance Material to the Financial Statements

Under Collateralization of Cash Deposits

Condition: The Commission's cash deposits were under collateralized at one of its financial institutions during the month of August 2016.

Recommendation: In addition to contacting its fiscal agent bank prior to making a deposit that would cause its bank deposits to be under-collateralized, we recommend that the Commission request and receive documentation ensuring that sufficient securities have been pledged.

Planned Action: The Commission will implement the recommendation as detailed above.

Status: Resolved.

Inadequate Internal Control

Condition: A significant control deficiency in the internal control related to lack of segregation of duties.

Recommendation: The Board of Commissioners should closely monitor the day-to-day activities of the Commission.

Planned Action: The Board of Commissioners will closely monitor the day-to-day activities of the Commission.

Status: Ongoing. The Commission has implemented the recommendation, but the lack of segregation of duties continues to exist. As such, the Board will continue to perform the recommendation.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

STATEWIDE AGREED-UPON PROCEDURES

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Board of Commissioners
Terrebonne Port Commission
Terrebonne Parish Consolidated Government
Houma, Louisiana

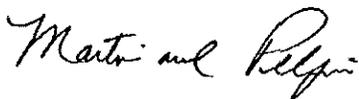
We have performed the procedures enumerated below, which were agreed to by the management of Terrebonne Port Commission (the Commission) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2017. The Organization'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 described on pages 30-44.

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

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



Houma, Louisiana
May 14, 2018

Terrebonne Port Commission

Houma, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2017

The required procedures and our findings are as follows:

Procedures performed on the Commission's written policies and procedures:

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

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

Performance: Obtained and read the written policy for budgeting and found it to contain the requirements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read the written policy for purchasing and found it to contain all requirements above except for the requirement noted below.

Exceptions: The policy does not include purchase orders.

Management's response: Management will consider adding purchase orders to the purchasing policy.

c. Disbursements, including processing, reviewing, and approving

Performance: Obtained and read the written policy for disbursements and found it to contain the requirements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read the written policy for receipts and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Terrebonne Port Commission
Houma, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2017

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

Performance: Obtained and read the written policy for payroll and personnel and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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

Performance: Obtained and read the written policy related to contracting and found it to contain the requirements listed above.

Exceptions: The policy does not include the types of services requiring written contracts.

Management's response: Management will consider adding the types of services requiring written contracts to its policy.

- 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

Performance: Obtained and read the written policy related to credit cards and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read the travel and expense reimbursement policy and found it contained all requirements listed above except for the requirement below.

Exceptions: Dollar thresholds by category of expense are not disclosed. The policy mentions that meals shall be reimbursed to employees while traveling out of town on any business forum in an amount not to exceed the Internal Revenue Service per diem rates. Mileage reimbursement is not discussed in the policy.

Management's response: Management will consider adding dollar thresholds to the written policy.

**Terrebonne Port Commission
Houma, Louisiana**

**Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2017**

- 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.

Performance: Obtained and read the written policy related to ethics and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Determined whether the Commission has a written debt service policy.

Exceptions: While the Commission does have a debt service policy, it is not written.

Management's response: The Commission will include its debt service policy in its written policies.

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.

Performance: Determined that the board is to meet monthly per the Commission's by-laws. Obtained and read the written minutes of board meetings and determined the board meeting frequency.

Exceptions: There were no exceptions.

Management's response: Not applicable.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons.

Performance: Determined that budget-to-actual comparisons are reviewed as needed.

Exceptions: There were no exceptions.

Management's response: Not applicable.

- 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.

Terrebonne Port Commission
Houma, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2017

Performance: Determined that the Commission was not deficit spending. As such, this section does not apply.

- 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.

Performance: Inspected the board meeting minutes for the fiscal year and noted non-budgetary financial information.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained the listing of bank accounts from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Performance: Inspected management's documentation for accuracy of bank reconciliations.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

Performance: Inspected documentation for management approvals of each bank reconciliation.

Exceptions: There was no evidence of the bank reconciliations being reviewed.

Management's response: The Executive Director will review the bank reconciliations each month and give evidence that he has done so.

Terrebonne Port Commission

Houma, Louisiana

Schedule of Procedures and Associated Findings of the

Statewide Agreed-Upon Procedures

For the Year Ended December 31, 2017

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

Performance: Determined that there were no items outstanding for more than six months as of the end of the fiscal year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Observed the listing of cash/check/money order (cash) collection locations from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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). For each cash collection location selected:

- 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, and (3) not required to share the same cash register or drawer with another employee.

Performance: Inspected policy manuals and inquired of client as to all of the requirements.

Exceptions: The person responsible for making the deposit, recording each transaction, and reconciling the bank accounts can also collect cash.

Management's response: Management will separate these duties when it is cost-beneficial to do so. Management will continue to closely monitor the collection activities of the Commission.

- b) Obtain existing written documentation 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.

Terrebonne Port Commission
Houma, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2017

Performance: Inspected policy manual, as well as, inquiries of management to ensure separation of duties.

Exceptions: There are no separation of duties.

Management's response: Management will separate these duties when it is cost-beneficial to do so. Management will continue to closely monitor the day-to-day activities of the Commission.

- c) Select 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, 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.

Performance: Determined the highest dollar week of cash collections. Traced daily collections from that week to its supporting documentation and determined whether or not collections were deposited within 24 hours of receipt.

Exceptions: Two checks were not deposited within 24 hours of receipt.

Management's response: The Commission will make cash deposits promptly.

- 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.

Performance: Inspected sequentially numbered receipts, the journal of cash receipts, and deposit slips from the bank. Determined whether or not collections are supported by adequate documentation.

Exceptions: There were no exceptions.

Management's response: Not applicable.

7. Obtain existing written documentation and report whether the entity has a process specifically defined to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions by a person who is not responsible for collections.

Performance: Inspected policy and inquired of management as to separation of duties.

Exceptions: There is no separation of duties.

Management's response: Management will separate these duties when it is cost-beneficial to do so. Management will continue to closely monitor the day-to-day activities of the Commission.

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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.

Performance: Obtained the completed general ledger for the fiscal period and obtained management's representations in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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/fuel card/P-card purchases or payments. Obtain supporting documentation 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.

Performance: Randomly selected 25 disbursements using a random number generator for check numbers. Inquired of management as to requisition/purchase orders and how invoices are approved.

Exceptions: Purchase orders are not used. Invoices are approved by the Executive Director and board members.

Management's response: Management will consider using a formal, written purchase order/requisition system.

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

Performance: Inquired of management as to purchase approval process and reviewed purchase invoices.

Exceptions: Purchase orders are not used. The Executive Director can initiate purchases and approve those purchases. The Executive Director approves all invoices.

Management's response: There will be a separation of duties when the benefit of doing so exceeds the cost.

- c) Payments for purchases were not processed without 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.

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Performance: Inquired of management and observed approved invoices.

Exceptions: Payments are processed without written purchase orders and receiving reports. The Executive Director and board members approve invoices when they are received. All invoices are approved before payment is made.

Management's response: Management will consider using a formal, written purchase order/requisition system.

10. Using entity documentation, report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Performance: Inspected policy and inquired of management as to separation of duties.

Exceptions: The person responsible for recording payments in the accounting system also adds vendors to the disbursements system.

Management's response: These duties will be separated when the benefit of doing so exceeds the cost.

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.

Performance: Determined if those with signatory authority and/or those who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Exceptions: There is no separation of signatory authority/final authorization for disbursements from initiating purchases.

Management's response: These duties will be separated when the benefit of doing so exceeds the cost.

12. Inquire of management and observe 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 report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation and report whether the persons with signatory authority have system access to print checks.

Performance: Inquired of management, as well as, observed where the supply of unused checks is held. Determined that those with signatory authority do not have system access to print checks.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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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.

Performance: Inquired of management as to whether there is a signature stamp or machine. Per management, there is no signature stamp or machine.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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.

Performance: Determined that the Commission does not have any of these cards and that this section does not apply.

15. 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.

Performance: Obtained a list of all travel and related expense reimbursements. Management's representation of the listing was confirmed in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

16. 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.

Performance: Obtained and read the travel and expense reimbursement policy and compared the amounts in the policy to the per diem and mileage rates established by the U.S. General Services Administration.

Exceptions: Dollar thresholds by category of expense are not disclosed. The policy only mentions that travel should be reimbursed for all reasonable and necessary expenses while traveling on authorized company business. Mileage is not mentioned.

Management's response: Management will consider adding dollar and mileage reimbursement thresholds to the written policy.

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17. 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 expenses selected:

- 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.

Performance: Determined that only two employees had travel expenses. Selected the highest travel expenditures reimbursed for those two employees. Compared expense documents to the applicable rates.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased.

Performance: Traced expenses to original itemized receipts, expense reports, and mileage reports.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Reviewed documentation of the business/public purpose for each expense.

Exceptions: Business purpose was not listed on the receipts tested.

Management's response: The business purpose will be listed on all receipts.

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

Performance: Inspected all documents provided for all travel reimbursements selected.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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- 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.

Performance: Considered whether the business/purpose of each transaction complied with Article 7, Section 14.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected each expense reimbursement request to find approval by supervisors and/or board member.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

18. 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.

Performance: Observed the listing of contracts in effect during the fiscal year from management and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

19. 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 and:

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

Performance: Obtained the listing of contract vendors. Inspected each written contract that supports the services arrangement.

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Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) 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)

Performance: Determined that the Organization does not have to comply with the Public Bid Law or Procurement Code for any of the selected contracts in place.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Performance: Inspected contracts and inquired of client as to receipt of any other quotes.

Exceptions: The Commission received quotes on one of the five contracts.

Management's response: The Organization will consider receiving quotes in the future.

- b) 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.

Performance: Determined whether contracts were amended during the year.

Exceptions: Three contracts were not amended. One contract was amended to include additional services for \$24,200. Another contract was amended to include two change orders, one for a decrease of \$2,451 and one for an increase of \$1,425.

Management's response: No response was deemed necessary.

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

Performance: Inspected the invoice and compared to the written contract information to determine that the invoice and related payment complied with the terms of the contract.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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- d) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law.

Performance: Reviewed board minutes for documentation of board approval of contracts.

Exceptions: Three of the five contracts were not mentioned in the board minutes as they are ongoing contracts.

Management's response: Management will include all new contract approvals in the board minutes.

- 20. Obtain a listing of employees with their related salaries, and obtain management's representation that the listing is complete.

Performance: Observed the listing of employees with their related salaries from management and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Randomly select five employees, obtain their personnel files, and 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.

Performance: Determined that the Terrebonne Parish Consolidated Government is responsible for the Commission's payroll. As such, this section does not apply.

- 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.

Performance: Reviewed the letters sent to Terrebonne Parish Consolidated Government to determine if changes were approved in writing and in accordance with written policy.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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Performance: Determined that the Terrebonne Parish Consolidated Government is responsible for the Commission's payroll. As such, this section does not apply.

22. Obtain from management a list of those employees 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.

Performance: Determined that there were no terminations during the fiscal period and received management's representation of such in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

23. 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.

Performance: Determined that the Terrebonne Parish Consolidated Government is responsible for the Commission's payroll. As such, this section does not apply.

24. Using the 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.

Performance: Observed the ethics course completion certificates for the employees tested.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

25. 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.

Performance: Inquired of management of any ethics violations. None were noted.

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Exceptions: There were no exceptions noted.
Management's response: Not applicable.

26. 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.

Performance: Determined that the Commission timely made scheduled debt service payments.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

27. 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.

Performance: Inquired of management of any misappropriations of public funds or assets and determined that none were noted.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

28. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Performance: Inquired and observed such notice posted on the premises and website.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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

Performance: Inspected all procedures and the results of such procedures and compared them to management's representations in a separate letter.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.