

**Vinton Harbor and Terminal District
Vinton, Louisiana
Financial Report
For the Year Ended December 31, 2018**

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Vinton Harbor and Terminal District
Vinton, Louisiana

We have audited the accompanying financial statements of the governmental activities of Vinton Harbor and Terminal District, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Vinton Harbor and Terminal District'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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Vinton Harbor and Terminal District of as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 24 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 financials statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits and other payments to agency head is presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplementary information is the responsibility of management and is derived from and relate 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 agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

This report is intended solely for the information and use of management, and Legislative Auditor, 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.

Joyce, Wilton: Co., CPA

Lake Charles, Louisiana
May 14, 2019

**Vinton Harbor and Terminal District
Vinton, Louisiana**

**STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
December 31, 2018**

ASSETS

Cash and cash equivalents	\$ 118,643
Investments	690,810
Ad valorem tax receivable	147,891
Intergovernmental receivable	63,724
Capital assets, net of accumulated depreciation	2,282,108
Prepaid insurance	4,011
Restricted cash	58,302
	58,302
Total assets	3,365,489

LIABILITIES

Accounts payable	15,341
Retainage payable	35,725
Accrued interest payable	4,968
Deferred revenues	26,451
Payroll taxes payable	133
Long-term liabilities:	
Bond payable--	
Portion due within one year	75,000
Portion due after one year	815,000
	815,000
Total liabilities	972,618

NET POSITION

Net investment in capital assets	2,282,108
Restricted for debt service	58,302
Unrestricted	52,461
	52,461
Total net position	\$ 2,392,871

The accompanying notes are an integral part of the basic financial statements.

**Vinton Harbor and Terminal District
Vinton, Louisiana**

**STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
For the Year Ended December 31, 2018**

Function/Program	Expenses	Program Revenues		Governmental Activities - Net (Expenses) Revenues and Changes in Net Position
		Fees and Charges for Services	Capital Grants & Contributions	
Governmental activities:				
General government	\$ 1,046,930	-	-	\$ (1,046,930)
Total Government Activities	\$ 1,046,930	\$ -	\$ -	(1,046,930)
General revenues:				
Ad valorem taxes				139,579
State revenue sharing				3,260
Intergovernmental				556,682
Rental income				106,927
Royalty income				53,354
Right of way income				96,370
Interest income				97
Investment earnings				13,230
Other income				14,545
		Total general revenues		984,044
				Change in net position (62,886)
				Net position - beginning of year 2,469,625
				Restatement of beginning net position (13,868)
				Net position - beginning of year, as restated 2,455,757
				Net position - end of year \$ 2,392,871

The accompanying notes are an integral part of the basic financial statements.

**Vinton Harbor and Terminal District
Vinton , Louisiana**

**GOVERNMENTAL FUND - BALANCE SHEET
December 31, 2018**

	General Fund
<u>ASSETS</u>	
Cash and cash equivalents	\$ 118,643
Investments	690,810
Ad valorem tax receivable	147,891
Intergovernmental receivable	63,724
Prepaid insurance	4,011
Restricted cash	58,302
Total assets	\$ 1,083,381
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities:	
Accounts payable	\$ 15,342
Retainage payable	35,725
Payroll taxes payable	133
Deferred revenues	26,451
Total liabilities	77,651
Fund balance:	
Restricted for debt service	58,302
Unassigned	947,428
Total fund balance	1,005,730
Total liabilities and fund balance	\$ 1,083,381

The accompanying notes are an integral part of the basic financial statements.

**Vinton Harbor and Terminal District
Vinton, Louisiana**

**RECONCILIATION OF FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION
December 31, 2018**

FUND BALANCE OF GOVERNMENTAL FUNDS		\$ 1,005,730
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, not reported in the funds.		
Cost of capital assets	\$ 2,679,197	
Less - accumulated depreciation	<u>(397,089)</u>	2,282,108
Interest payable on long-term liabilities is not accrued in governmental funds; rather, it is recognized as an expenditure when paid. These liabilities are reported in the statement of Net Position.		
		(4,967)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the current period and, therefore are not reported in the governmental funds.		
		<u>(890,000)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 2,392,871</u>

The accompanying notes are an integral part of the basic financial statements.

**Vinton Harbor and Terminal District
Vinton, Louisiana**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended December 31, 2018**

	General Fund
Revenue:	
Ad valorem taxes	\$ 139,579
State revenue sharing	3,260
Intergovernmental	556,682
Rental income	106,927
Royalty income	53,354
Right of way income	96,370
Interest	97
Investment earnings	13,230
Other income	14,545
Total revenues	984,044
Expenditures:	
Current:	
Governmental	
Advertising	520
Attorney fees	13,793
Auditing	5,650
Bank charges	240
Box rent	194
Contract work	804,798
Dues	4,325
Engineering fees	75,137
Insurance	8,927
Material and supplies	387
Office supplies	578
Per diem	6,150
Registration	1,400
Repairs and maintenance	33,706
Secretarial wages	15,900
Sheriff pension	4,675
Taxes - payroll	1,687
Telephone expense	720
Travel	6,702
Trustee fee	600
Debt service:	
Bond principal payment	75,000
Bond interest expense	31,071
Total expenditures	1,092,160
Net change in fund balance	(108,116)
Fund balance at beginning of year, as restated	1,127,714
Restatement of beginning fund balance	(13,868)
Fund balance at beginning of year, as restated	1,113,846
Fund balance at end of year	\$ 1,005,730

The accompanying notes are an integral part of the basic financial statements.

**Vinton Harbor and Terminal District
Vinton, Louisiana**

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018**

Total net change in fund balance - governmental funds		\$ (108,116)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.

Capital outlay	\$ -	
Depreciation expense	<u>(30,191)</u>	(30,191)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	75,000
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Interest on long-term debt attributable to periods beyond the current year are not reported as current year expenses in the Statement of Activities.	<u>421</u>
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Change in net position of governmental activities	<u><u>\$ (62,886)</u></u>
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Notes to the Financial Statements

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2018
NOTES TO FINANCIAL STATEMENTS

INTRODUCTION

The Vinton Harbor and Terminal District (“District”) is a political subdivision of the State of Louisiana and was created in 1956 by Act No. 466 as an amendment to Chapter 1 of Title 34 of the Louisiana Revised Statutes of 1950. The District was created to regulate the commerce and traffic within the confines of Ward Seven of the parish of Calcasieu, State of Louisiana. The governing authority of the District is a board of commissioners, consisting of five members. The initial commissioners were appointed as follows:

1. Three members were appointed by the mayor and town council of the Town of Vinton, Louisiana.
2. Two members were appointed by the police jury of the parish of Calcasieu, State of Louisiana.

Upon expiration of the initial commissioners’ terms, any vacancy is to be filled by the board of commissioners, for the term of five years, from a panel of names submitted to them as follows:

Two names to be submitted by each of the following:

1. The governing authority of the Town of Vinton, Louisiana.
2. The police jury of the parish of Calcasieu, State of Louisiana.

The commissioners are compensated on a per diem basis for meetings attended.

The District has no employees. The District is responsible for operating and maintaining a harbor and terminal on the Vinton Navigation Canal located in Ward Seven of the parish of Calcasieu, State of Louisiana. Within this area, the District also leases a building and land to various tenants.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District’s more significant accounting policies are described below.

Basis of Accounting/Measurement Focus

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2018
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Basis of Accounting/Measurement Focus – (Continued)

A. Government-Wide Financial Statements

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

B. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The General Fund is the District's operating fund. It accounts for all financial resources of the District.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2018
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Budget Practices

1. The proposed budget is prepared and submitted to the Advisory Board for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. The proposed budget is made available for public inspection.
3. The budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
4. All budgetary appropriations lapse at the end of each fiscal year.
5. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Board.

Cash and cash equivalents

Cash and cash equivalents include amounts in demand deposits with an original maturity of three months or less.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Receivables are reported net of allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. All receivables are current and therefore due within one year. The District has determined there is no allowance for uncollectible accounts as of December 31, 2018.

Investments

Louisiana state statutes, as stipulated in R.S. 39:1271, authorize the District to invest in United States bonds, treasury notes, or certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. The state statutes also authorize the District to invest in any other federally insured investment, or in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies. In addition the District is authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by the initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investing is performed in accordance with investment policies complying with State Statutes and those adopted by the Board of Commissioners.

Investments, which include U.S. Government agencies and deposits in LAMP, are stated at fair market value.

**Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2018
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. As of December 31, 2018, all assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	10 - 40 years
Equipment	7 - 20 years

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of fund net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2018
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Equity Classification

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of assets with constraints placed on the use by either (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District. These amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: This classification includes amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed.
- Unassigned: includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2018
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Fund Balance Classification – (Continued)

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Estimates

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

Compensated Absences

Compensated absences for sick and personal time have not been accrued since they cannot be reasonably estimated. The District policy is to recognize cost when actually paid.

Restatement of Beginning Net Position and Fund Balance

The beginning net position and fund balance have been restated to reflect prior year adjustments recorded in the current period.

NOTE 2 - CASH AND CASH EQUIVALENTS

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2018, the District has cash and cash equivalents (book balances) totaling \$176,945.

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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2018, the District has \$71,298 in deposits (collected bank balances). These deposits are secured from risk by \$71,298 of federal deposit insurance.

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2018
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS

Deposits held by LAMP at December 31, 2018, consist of \$690,810 in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool (see Summary of Significant Accounting Policies). In accordance with GASB Statement No. 3, the investment in LAMP is not categorized in the three risk categories provided by GASB Statement No. 3 because the investments is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administrated by LAMP, Inc., a non-profit corporation organized under the laws of the state of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is (NUMBER- days) (from LAMP's monthly Portfolio Holdings) as of (DATE – month-end).
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

At December 31, 2018, the weighted-average yield on the deposits at LAMP was 2.35% and the weighted-average maturity was less than 60 days. LAMP is rated AAAM with Standard and Pools.

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2018
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - AD VALOREM TAXES

Accounting principles generally accepted in the United States of America for government prescribe a modified accrual basis to be applied to property tax revenues. An assessment is made to finance the budget of a particular period and the revenue produced from any property tax assessment should be recognized in the fiscal period for which it was provided (budgeted) and for which the collections are reasonably available.

Expected collections and collections of the 2018 levy are accrued as receivable and as revenue in the current year (2018). For budget purposes, property taxes collected in 2018 are designated as revenue appropriable in the 2018 budget year.

For the year ended December 31, 2018, taxes of 2.36 mills were levied on property with assessed valuation totaling approximately \$62,171,704. Total taxes levied for the year ended December 31, 2018 were \$146,726.

During the year, the tax assessor made adjustments to previous year taxpayer valuations and wrote off a total of \$6,259 worth of taxes. This amount was net against current year ad valorem taxes.

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31. Property taxes not paid by the end of February are subject to lien.

The parish bills and collects its property taxes using the assessed values determined by the Calcasieu Parish Tax Assessor.

NOTE 5 - CAPITAL ASSET

Capital assets and depreciation activity as of and for the year ended December 31, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Land	\$ 1,551,427	\$ -	\$ -	\$ 1,551,427
Building and building improvements	1,103,899	-	-	1,103,899
Equipment	23,871	-	-	23,871
Total at historical cost	<u>2,679,197</u>	<u>-</u>	<u>-</u>	<u>2,679,197</u>
Less accumulated depreciation:				
Buildings and building improvements	359,717	29,117	-	388,834
Equipment	7,181	1,074	-	8,255
Total accumulated depreciation	<u>366,898</u>	<u>30,191</u>	<u>-</u>	<u>397,089</u>
Governmental activities capital assets, net	<u>\$ 2,312,299</u>	<u>\$ (30,191)</u>	<u>\$ -</u>	<u>\$ 2,282,108</u>

Depreciation expense for the year ended December 31, 2018, was charged to governmental activities in the amount of \$30,191.

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2018
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – RESTRICTED CASH

The District maintains a sinking fund reserve bank account with a balance of \$58,303 as of December 31, 2018 which is controlled by Iberia Bank. See note 7 for more details.

NOTE 7 – BONDS PAYABLE

A. Debt Outstanding

The following is a summary of the debt transactions of the District for the year ended December 31, 2018.

Bonds payable, December 31, 2017	\$ 965,000
Bonds repaid	(75,000)
Bonds issued	-
Bonds payable, December 31, 2018	\$ 890,000

Debt payable at December 31, 2018 is comprised of the following:

\$1,250,000 Revenue bonds dated May 16, 2013, due in annual installments of \$65,000 - \$100,000 through May 1, 2028, interest at 3.5%	\$ 890,000
----------------------------------------------------------------------------------------------------------------------------------------	------------

B. Debt Service Requirement to Maturity

The annual requirements, including interest, to amortize the bonds outstanding as of December 31, 2018 are as follows:

Year Ending December 31,		
2019	\$	108,475
2020	\$	105,795
2021	\$	108,031
2022	\$	105,184
2023	\$	107,253
2024-2028	\$	510,200

C. Sinking Fund Requirement

The Bond requires the District to make monthly deposits into sinking fund. The payments are to be made on or before the 20th calendar day of each month commencing May 20, 2013, a sum equal to one-sixth (1/6) of the interest on the Bond due on the next Interest Payment Date, and one-twelfth (1/12) of the principal of the Bond due on the next maturity date. The balance of the sinking fund at December 31, 2018 is \$58,302.

**Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2018
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The District entered into a dredging contract during the year in the amount of \$832,672 plus engineering fees. In relation to this contract, the District was awarded reimbursement up to \$500,000 from the Calcasieu Parish Policy Jury Trust Fund and another \$200,000 from the Riverboat Gaming fund. As of December 31, 2018, the District has incurred cost of \$714,496 and has earned \$556,682 in revenue. Total commitment to complete the contract as of December 31, 2018 was \$118,176.

NOTE 10 - LEASE AGREEMENTS

Acreage Lease

The District is in its second 10-year term of a 75-acre lease effective August 1, 2006. The lease has three 10-year renewals left according to original lease. Rent per year for all 75 acres is \$63,483. Future minimum payments to be received as of December 31, 2018 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 63,483
2020	\$ 63,483
2021	\$ 63,483
2022	\$ 63,483
2023	\$ 63,483
Thereafter	\$ 163,999

The District leases 40-acres of land to a tenant for a three-year term starting January 1, 2017. Minimum base rent for year one was \$6,500 and years two and three are \$3,500. In addition to the minimum base rent the District receives a twenty-two percent lessor royalty. For the year ended December 31, 2018 total base rent and royalty income was \$53,354.

**Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2018
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - LEASE AGREEMENTS – (Continued)

Building Lease

The District leases a building to a tenant for a five-year term starting January 1, 2014. This lease expired on December 31, 2018, with the lessee exercising their option to extend the lease for the first of the two 5-year renewal options. Minimum base rent was \$3,200 a month for the year ended December 31, 2018 and \$3,450 a month for the next 60 months. Total rental income for 2018 was \$38,400. After two years from date of commencement of this lease, either party may terminate the lease with a six month written notice. Future minimum payments to be received as of December 31, 2018 are as follows:

Year Ending December 31,	Amount
2019	\$ 41,400
2020	41,400
2021	41,400
2022	41,400
2023	41,400
	\$ 207,000

NOTE 11 - CONCENTRATION

The District derives the majority of its rental income from two tenants and is subject to any economic factors that might influence these tenants.

NOTE 12 - SUBSEQUENT EVENTS

The District is not aware of any subsequent events through the date of the independent auditors' report, the date the financial statements were available to be issued, for events requiring to be recorded or disclosed in the financial statement.

Required Supplemental Information

**Vinton Harbor and Terminal District
Vinton, Louisiana**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCE (GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2018**

	BUDGET		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
Revenue:				
Ad valorem taxes	\$ 124,000	\$ 140,000	\$ 139,579	\$ (421)
State revenue sharing	2,500	2,500	3,260	760
Intergovernmental	-	500,000	556,682	56,682
Rental income	110,250	106,844	106,927	83
Royalty income	-	45,000	53,354	8,354
Right of way income	-	-	96,370	96,370
Interest	500	100	97	(3)
Investment earnings	4,500	11,500	13,230	1,730
Other income	5,000	50	14,545	14,495
Total revenues	246,750	805,994	984,044	178,050
Expenditures:				
Governmental				
Advertising	750	750	520	230
Attorney fees	1,000	31,700	13,793	17,907
Auditing	3,750	5,650	5,650	-
Bank Charges	600	250	240	10
Box rent	180	194	194	-
Contract work	40,000	850,000	804,798	45,202
Dues	1,500	4,125	4,325	(200)
Engineering fees	25,000	80,000	75,137	4,863
Insurance	10,000	9,000	8,927	73
Material and supplies	-	-	387	(387)
Office supplies	250	450	578	(128)
Per diem	5,450	5,500	6,150	(650)
Postage	100	100	-	100
Registration expense	750	1,400	1,400	-
Repairs and maintenance	10,000	18,000	33,706	(15,706)
Secretarial service	12,685	12,685	15,900	(3,215)
Sheriff Pension	10,000	10,000	4,675	5,325
Supplies	800	500	-	500
Taxes - payroll	6,296	6,750	1,687	5,063

The accompanying notes are an integral part of the basic financial statements.

**Vinton Harbor and Terminal District
Vinton, Louisiana**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCE (GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2018**

	BUDGET		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures:				
Governmental - (Continued)				
Telephone	720	720	720	-
Travel	7,500	7,500	6,702	798
Trustee fee	300	600	600	-
Uniforms	500	50	-	50
Capital outlay	-	-	-	-
Debt service:				
Bond principal payment	75,000	75,000	75,000	-
Bond interest	31,134	33,584	31,071	2,513
Total expenditures	<u>244,265</u>	<u>1,154,508</u>	<u>1,092,160</u>	<u>62,348</u>
Net change in fund balance	2,485	(348,514)	(108,116)	240,398
Fund balance at beginning of year, as restated	<u>1,113,846</u>	<u>1,113,846</u>	<u>1,113,846</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,116,331</u>	<u>\$ 765,332</u>	<u>\$ 1,005,730</u>	<u>\$ 240,398</u>

The accompanying notes are an integral part of the basic financial statements.

Other Supplemental Information

Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2018

COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid to the Vinton Harbor and Terminal District members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the Vinton Harbor and Terminal District members is included in the general administrative expenditures of the General Fund. Members of the governing board receive compensation pursuant to Louisiana Revised Statute 34:334.12. This was amended by House Bill No. 1656 to allow the commissioners to receive up to \$70 per diem for each regular and special meeting attended, to a maximum of twelve meetings per year. The president shall be paid \$250 for each regular and special meeting attended, to a maximum of twelve meetings per year.

Schedule of Compensation Paid Board Members
For the Year Ended December 31, 2018

<u>BOARD MEMBER</u>	<u>PER DIEM AMOUNT</u>
Charles Broussard	\$ 770
Alexis Morrow, Jr.	840
Steven Jennings	840
Jerry Merchant	3,000
Haley Bellard	700
Total	<u>\$ 6,150</u>

Vinton Harbor and Terminal District
Vinton, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD

For the Year Ended December 31, 2018

Agency Head Name: Jerry Merchant

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 0
Benefits	0
Meals	368
Mileage reimbursement	803
Per Diem	3,000
Supplies	0
Other	0
	<u>\$ 4,171</u>



Langley, Williams & Company, L.L.C.

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

Board of Commissioners
Vinton Harbor and Terminal District
Vinton, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Vinton Harbor and Terminal District, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise of the District's basic financial statements and have issued our report thereon dated May 14, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. The deficiencies are identified as 18-01(IC) and 18-02(IC).

Vinton Harbor and Terminal District

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Compliance and Other Matters

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

Vinton Harbor and Terminal District Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District'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 District, the District's management, the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties.



Lake Charles, Louisiana

May 14, 2019

VINTON HARBOR AND TERMINAL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2018

Section I - Summary of Audit Results

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

Vinton Harbor and Terminal District
Vinton, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
For the Year Ended December 31, 2018

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
Current year (12/31/18)						
Internal Control:						
18- 01 (IC)	Unknown	Vinton Harbor and Terminal District did not have adequate segregation of duties within the accounting system.	No	The District's management has determined that is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible. No plan is considered necessary.	Mary Vice	NA
18- 02 (IC)	2008	Vinton Harbor and Terminal District does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including related notes.	No	The District's management has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with (GAAP) and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the drafted financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Mary Vice	NA
18-03 (IC)	2018	Cash receipts are not being deposited on a timely basis.	Yes	The District's management has implemented a policy that all money received will be deposited within three business days	Mary Vice	5/14/2019
Compliance:						
There were no matters involving compliance to be reported.						
Prior year (12/31/17)						
Internal Control:						
17- 01 (IC)	Unknown	Vinton Harbor and Terminal District did not have adequate segregation of duties within the accounting system.	No	The District's management has determined that is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible. No plan is considered necessary.	Mary Vice	NA
17- 02 (IC)	2008	Vinton Harbor and Terminal District does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including related notes.	No	The District's management has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with (GAAP) and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the drafted financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Mary Vice	NA
Same as current year						
Compliance:						
There were no matters involving compliance to be reported.						



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Vinton Harbor and Terminal District
Lake Charles, Louisiana

We have performed the procedures enumerated below, which were agreed to by Vinton Harbor and Terminal District ("VTHD") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period from January 1, 2018 through December 31, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Exception: We obtained the entity's written policies and procedures for the fiscal period. However, the entity did not have a policy regarding "Receipts/Collections", "Payroll/Personnel", "Credit Cards", "Debt Service" and "Ethics".

Management's response: Management will implement formal written policies and procedures that will cover all exceptions noted above.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The board met on a monthly basis for the fiscal period with a quorum in attendance at all meetings.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

There were no exceptions noted as a result of applying this procedure.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Per the prior year audit report the unrestricted fund balance in the general fund did not have a negative ending balance; therefore, this procedure is not applicable.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

We obtained a list of bank accounts from management and management's representation that the list was complete. Once obtained, we randomly selected the month of October for testing for all accounts.

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

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Exception: In reviewing the selected reconciliation, LWC noted one outstanding check that was outstanding for more than 12 months with no documentation reflecting that it has been researched by management.

Management's response: This outstanding check was a per diem reimbursement that has since been voided and re-issued to the appropriate individual. Management has and will continue to monitor any long outstanding amounts.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Obtained a listing of all deposit sites for the fiscal period and management's representation that the listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Each employee responsible for cash collections does not share cash drawers/registers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Exception: The person responsible for collecting cash is responsible for preparing/making bank deposits, posting collection entries to the general ledger and reconciling cash collections to the general ledger.

Management's response: Management has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible and the board reviews all financial documents at their monthly board meetings.

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

All employees who have access to cash are bonded.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

The entity only receives money from advalorem taxes and other periodic payments; therefore, they will not have a system in place to issue sequentially pre-numbered receipts thus making this procedure not applicable.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

There were no exceptions noted as a result of applying this procedure.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

There were no exceptions noted as a result of applying this procedure.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Exception: Since LWC could not note documentation to support the actual deposit of the amounts tested, we could only note the date the deposit was recorded per the General Ledger and compare that to the date the amount cleared the bank per the bank statement which for all dates tested exceeded 10 days.

Management's response: Management will implement a formal written procedure that will cover this procedure.

- e) Trace the actual deposit per the bank statement to the general ledger.

There were no exceptions noted as a result of applying this procedure.

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

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

Per discussion with management, LWC noted only one location processes payments for the fiscal period.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Exception: LWC noted the employee responsible for processing payments is responsible for adding or modifying vendor files without a periodic review of those files.

Management's response: Management has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible and the board reviews all financial documents at their monthly board meetings.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Exception: LWC noted the employee responsible for processing payments is responsible for mailing the payments.

Management's response: Management has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible and the board reviews all financial documents at their monthly board meetings.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

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

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

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

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

We obtained a listing of active credit cards, bank debit cards, fuel cards, and P-cards for the fiscal period and management's representation that the listing is complete.

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

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

There were no exceptions noted as a result of applying this procedure.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

There were no exceptions noted as a result of applying this procedure.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

There were no exceptions noted as a result of applying these procedures.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Obtained a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing is complete.

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

None of the expenses were reimbursed using a per diem; therefore, this procedure is not applicable.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

There were no exceptions noted as a result of applying this procedure.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

There were no exceptions noted as a result of applying this procedure.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

There were no exceptions noted as a result of applying this procedure.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

We obtained an active vendor list from management and management's representation that the listing is complete.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

None of the selected contracts were subject to the Louisiana Public Bid Law; therefore, this procedure is not applicable.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

There were no exceptions noted as a result of applying this procedure.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

There were no amendments during the fiscal period.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

There were no exceptions noted as a result of applying this procedure.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

We obtained a listing of all employees during the fiscal period and management's representation that the listing is complete.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Exception: LWC noted for one of the employees tested there was no documentation of daily attendance. The entity does not have paid leave making this portion of the procedure not applicable.

Management's response: Management will implement a procedure that will insure all employees document daily attendance.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

There were no exceptions noted as a result of applying this procedure.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

The entity does not have paid leave; therefore, this procedure is not applicable.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

There were no terminated employees during the fiscal period thus making this procedure not applicable.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

There were no exceptions noted as a result of applying this procedure.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

There were no exceptions noted as a result of applying this procedure.

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

Exception: Due to the entity not having a written ethics policy, employees are not able to read the policy for the fiscal period.

Management's response: Management will implement a procedure that will insure that each employee read the entity's ethics policy each year.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

No debt was issued during the fiscal period. Therefore, this procedure is not applicable.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

There were no exceptions noted as a result of applying this procedure.

Other

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

Management has asserted that the entity did not have any misappropriations of public funds or assets.

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

The VTHD has posted on its premises the notice required by R.S. 24:523.1.

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 LLA as a public document.

Langley, Williams & Co., L.L.C.

Langley, Williams & Co. LLC
Lake Charles, Louisiana
May 14, 2019