

**WEST ST. MARY PARISH PORT, HARBOR
AND TERMINAL DISTRICT**

Franklin, Louisiana

Financial Report

Year Ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
West St. Mary Parish Port, Harbor and Terminal District
Franklin, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of West St. Mary Parish Port, Harbor and Terminal District (hereinafter "District"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2024, and the change in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2025 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 grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
June 11, 2025

BASIC FINANCIAL STATEMENTS

WEST ST MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Statement of Net Position
December 31, 2024

ASSETS

Current assets:

Cash and equivalents	\$ 126,700
Investments	6,135,449
Receivables:	
Ad valorem taxes	915,081
Due from State of Louisiana	249,446
State revenue sharing	16,192
Leases	83,027
Water system customers	1,561
Prepaid expenses	<u>69,208</u>
Total current assets	<u>7,596,664</u>

Capital assets:

Land	7,336,323
Depreciable assets, net of accumulated depreciation	<u>16,445,483</u>
Net capital assets	<u>23,781,806</u>
Total assets	<u>31,378,470</u>

LIABILITIES AND NET POSITION

Current liabilities:

Accrued expenses	62,415
Unearned revenues	<u>8,834</u>
Total current liabilities	<u>71,249</u>

Net position:

Net investment in capital assets	23,781,806
Unrestricted	<u>7,525,415</u>
Total net position	<u><u>\$ 31,307,221</u></u>

The accompanying notes to financial statements are an integral part of this statement.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Statement of Revenues, Expenses, and Change in Net Position
Year Ended December 31, 2024

Operating revenues:	
Rentals	\$ 512,083
Water system revenues	18,069
Total operating revenues	<u>530,152</u>
Operating expenses:	
Advertising and promotion	12,975
Auto expense	11,327
Contract labor	6,285
Depreciation	565,589
Dues and subscriptions	6,741
Employee retirement	16,587
Insurance	255,457
Miscellaneous	2,214
Office supplies and postage	50,924
Payroll taxes	13,071
Professional fees	54,049
Repairs and maintenance	220,945
Salaries	172,506
Telephone	3,261
Travel	3,974
Utilities and internet	24,524
Total operating expenses	<u>1,420,429</u>
Operating loss	<u>(890,277)</u>
Non-operating revenues (expenses)	
Intergovernmental	
Ad valorem taxes	916,153
Deductions from ad valorem taxes	(29,816)
State revenue sharing	24,976
Interest income	140,149
Bond interest and fiscal charges	(45,585)
Gain on disposal of assets	41,163
Net non-operating revenues (expenses)	<u>1,047,040</u>
Income before capital contributions	156,763
Capital contributions	<u>4,604,402</u>
Change in net position	4,761,165
Net position, beginning	<u>26,546,056</u>
Net position, ending	<u>\$ 31,307,221</u>

The accompanying notes to financial statements are an integral part of this statement.

WEST ST MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Statement of Cash Flows
Year Ended December 31, 2024

Cash Flows from Operating Activities	
Receipts from customers and users	528,527
Payments to suppliers	(2,228,055)
Payments to employees and related benefits	<u>(457,621)</u>
Net cash used by operating activities	<u>(2,157,149)</u>
Cash Flows from Noncapital Financing Activities	
Ad valorem taxes collected	803,751
State revenue sharing received	<u>24,976</u>
Net cash provided by noncapital financing activities	<u>828,727</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from grant anticipation note	2,000,000
Principal payments on grant anticipation note	(2,065,625)
Interest and fiscal charges	(45,585)
Capital grants	8,087,170
Acquisition and construction of capital assets	<u>(4,017,924)</u>
Net cash provided by capital and related financing activities	<u>3,958,036</u>
Cash Flows from Investing Activities	
Interest received on interest-bearing deposits	9,923
Purchases of investments	<u>(5,997,177)</u>
Net cash used by investing activities	<u>(5,987,254)</u>
Net change in cash and cash equivalents	(3,357,640)
Cash and cash equivalents, beginning	<u>3,484,340</u>
Cash and cash equivalents, ending	<u><u>\$ 126,700</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating loss	(890,277)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation expense	565,589
Changes in assets and liabilities:	
Accounts receivable	(1,625)
Prepaid expenses	(38,075)
Accounts payable	(1,796,316)
Accrued expenses	<u>3,555</u>
Net cash used by operating activities	<u><u>\$ (2,157,149)</u></u>

The accompanying notes to financial statements are an integral part of this statement.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Notes to Financial Statements

INTRODUCTION

The District was established in 1974 by Act of the Louisiana Legislature to develop and operate a port and related facilities serving the western portion of St. Mary Parish. It is the intent of the District to develop a port/harbor facility and industrial area and that a substantial portion of the costs of operations of these facilities be ultimately borne by revenue derived from user charges

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Financial Reporting Entity

Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended, established criteria for determining the governmental reporting entity and which component units should be considered part of the reporting entity for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

- Appointing a voting majority of an organization's governing body, and the ability of the primary government to impose its will on that organization and or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.
- Organizations for which the primary government does not appoint a voting majority but are fiscally dependent on the primary government.
- Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Parish Council appoints a voting majority of the District's governing body, the District was determined to be a component unit of the Parish of St. Mary, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the parish government, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Notes to Financial Statements (continued)

B. Basis of Presentation

The accompanying financial statements of the District have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, as amended.

Fund Financial Statements

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The proprietary fund is maintained consistent with legal and managerial requirements.

Proprietary Funds

Proprietary funds are used to account for ongoing operations and activities that are similar to those often found in the private sector. The measurement focus is based on determination of financial position, change in net position and cash flows. The two types of proprietary funds are enterprise funds and internal service funds. The District’s fund is an enterprise fund.

Enterprise Funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or changes in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied

Measurement Focus

The District’s proprietary fund is presented using the economic resources measurement focus. The accounting objectives of the “economic resources” measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and all liabilities (whether current or noncurrent) associated with the operation of this fund are reported. Proprietary fund equity is classified as net position.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Notes to Financial Statements (continued)

Basis of Accounting

Proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred, or economic asset used.

D. Assets, Liabilities and Equity

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing demand deposits. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; otherwise, they are classified as cash equivalents.

Investments

Under state law, the District may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana Law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

Receivables

Receivables consist of all revenues earned at year-end and not yet received.

Receivables that have been determined to be uncollectible are recognized as bad debts by direct write-off to expense at the time information becomes available indicating the uncollectibility of the receivable. Although the direct write-off method is not in conformity with accounting principles generally accepted in the United States of America (GAAP), reported differences between the direct write-off and GAAP-based methods are considered immaterial.

Prepaid Expenses

Payments made to insurance companies for yearly policies that will benefit future periods are recorded as prepaid insurance.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Notes to Financial Statements (continued)

Capital Assets

Capital assets which include property, plant, and equipment used in the proprietary fund type operations are reported in the statement of net position. Capital assets are valued at historical cost or estimated cost (if historical cost is not available). Donated assets (including assets contributed by other governmental entities) are recorded as capital assets at their acquisition value at the date of the donation. It is the District's policy to capitalize all assets with a cost of \$1,000 or more.

Depreciation of all exhaustible fixed assets used by the proprietary fund type operations is charged as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position.

Depreciation is computed using the straight-line method based on the estimated useful lives of the various assets as follows.

Buildings	25 years
Improvements	10-25 years
Furniture and equipment	3-10 years

Unearned Revenue

Revenues collected during the year that are not available to finance the operations of the current period are reported as unearned revenues and are recognized as operating revenues in a subsequent period.

Compensated Absences

Compensated absences are estimated in accordance with GASBS No. 101, *Compensated Absences*.

Full-time employees of the District earn vacation and sick leave annually at varying rates depending upon length of service. Accrued unused annual leave shall be carried forward to succeeding calendar years without limitation.

Upon termination, an employee is compensated for accumulated vacation time up to 200 hours. Employees are not compensated for sick time.

An accrual is made for the amount of compensation employees will receive in the future based upon services performed in the current year for vacation time not used. The liability related to this accumulated vacation time totaled \$19,580 at December 31, 2024. Unused sick leave at December 31, 2024 is considered immaterial.

Long-term debt

All long-term debt to be repaid from fund resources is reported as liabilities in the financial statements.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Notes to Financial Statements (continued)

Equity Classifications

Equity is classified as net position and displayed in three components:

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

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District considers restricted funds to have been spent first.

E. Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods and/or services in connection with ongoing operations.

The principal operating revenues are lease rentals and charges to customers for water consumption. Operating revenues also include tap fees intended to recover the costs of connecting new customers to the system. Also included are all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets.

All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

F. Use of Estimates

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

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Notes to Financial Statements (continued)

(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 in the Union, 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, 2024, the District had cash and cash equivalents (book balances) totaling \$126,700. 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 similar federal security, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered, or the District may not be able to recover collateral securities that are in the possession of an outside party. The District does not have a policy that limits allowable deposits and investments or to monitor or reduce exposure to custodial credit risk. At December 31, 2024, the District had \$148,396 in deposits (bank balances). These deposits are fully secured from risk by federal deposit insurance and are, therefore, not exposed to custodial credit risk.

(3) Investments

State law allows the investment in direct United States Treasury obligations; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. Government instrumentalities, which are federally sponsored; direct security repurchase agreements of any federal book entry only securities guaranteed by the U.S. Government; time certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, savings accounts or shares of savings and loan associations and savings banks; certain account of federally of state chartered credit unions; certain mutual or trust fund institutions; certain guaranteed investment contracts; and investment grade commercial paper of domestic United States corporation.

As of December 31, 2024, the District had the following investments:

<u>Description</u>	<u>Interest Rate</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>
Louisiana Asset Management Pool	Various	<u>\$ 6,135,449</u>	<u>\$ 6,135,449</u>

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Notes to Financial Statements (continued)

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investment. The District does not have an investment policy that conforms to state law, as described above, which has no provision for custodial risk.

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have an investment policy that conforms to state law, which does not include a policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is defined as the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The types of investments allowed by state law ensure that the District is not exposed to credit risk.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities 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 in accordance with R.S. 33:2955. Separately issued financial statements for LAMP are available at www.lamppool.com.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like 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 60 days and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 60 days as of December 31, 2024.
- Foreign currency risk: Not applicable to 2a7-like pools.

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.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Notes to Financial Statements (continued)

Fair Value Measurements

To the extent available, the District's investments are recorded at fair value as of December 31, 2024. GASB Statement No. 72, *Fair Value Measurements and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District measures its investments using fair value guidelines established by GASB 72, which recognizes a three-tiered fair value hierarchy as follows:

- Level 1-quoted prices for identical investments in active markets
- Level 2-observable inputs other than quoted market prices
- Level 3-unobservable inputs

The District's investments in LAMP are measured using observable inputs other than quoted market prices (Level 2 inputs). The investments in LAMP are valued using quoted market prices of the underlying investment of LAMP on a weekly basis and the value of the position in the external pool is the same as the net asset value of the pool shares.

(4) Receivables

The District records ad valorem taxes and state revenue sharing in the year the tax is due and payable. At December 31, 2024, ad valorem taxes and state revenue sharing receivables were \$915,081 and \$16,192, respectively. Receivables also include amounts due from the State of Louisiana, receivables from lease rentals and water utility revenues which are recorded when earned. Amounts due from the State of Louisiana, lease rentals and water utility revenues receivables at December 31, 2024 totaled \$249,446, \$83,027 and \$1,561, respectively.

The financial statements contain no allowance for uncollectible receivables. It is management's opinion that all receivables are collectible and potential bad debt losses, if any, are immaterial.

(5) Ad Valorem Taxes

The District's property tax is levied in October of each year on the assessed value of property within the District's taxing area. Taxes are due and payable by December 31. The taxes are delinquent after January 1, at which time an enforceable lien attaches to the property. The taxes are collected on behalf of the District by the St. Mary Parish Sheriff and then remitted to the District. The District receives the majority of its taxes in January and February.

For the year ended December 31, 2024, taxes of 3.72 mills were levied on property with net assessed valuations totaling \$246,288,967.

Total taxes levied during 2024 were \$916,853.

(6) Tax Abatements

The District is subject to certain property tax abatements granted by the Louisiana Board of Commerce and Industry ("LBCI"), a state entity governed by board members representing major economic groups and

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Notes to Financial Statements (continued)

gubernatorial appointees. Abatements to which the District may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). In addition, local governments have the authority to grant sales tax rebates to taxpayers pursuant to the Enterprise Zone Tax Rebate Program. For the year ended December 31, 2024, the District incurred abatements of ad valorem taxes through ITEP.

ITEP is authorized by Article 7, Section 21(F) of the Louisiana Constitution. Companies qualifying as manufacturers can apply to the LBCI for a property tax exemption on all new property, as defined, used in the manufacturing process. Under ITEP, companies are required to promise to expand or build manufacturing facilities in Louisiana, with a minimum investment of \$5 million. The exemptions are granted for a 5-year term and are renewable for an additional 5-year term upon approval by LBCI. These state-granted abatements have resulted in reductions of property taxes, which the tax assessor administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fail to fulfill its commitments under the agreement. For the year ended December 31, 2024, \$199,755 of the District's ad valorem tax revenues were abated by the State of Louisiana through ITEP.

(7) Capital Assets

The following is a summary of changes in fixed assets during the year ended December 31, 2024:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not depreciated				
Land	\$ 7,336,323	\$ -	\$ -	\$ 7,336,323
Construction in progress	8,597,512	3,578,963	(12,176,475)	-
Total capital assets not depreciated	<u>15,933,835</u>	<u>3,578,963</u>	<u>(12,176,475)</u>	<u>7,336,323</u>
Capital assets being depreciated				
Buildings	4,193,734	12,157,303	(107,716)	16,243,321
Improvements	9,442,857	169,693	(81,537)	9,531,013
Water system	1,499,296	-	-	1,499,296
Furniture and fixtures	33,587	-	(8,608)	24,979
Equipment	208,573	4,500	(56,708)	156,365
Total capital assets being depreciated	<u>15,378,047</u>	<u>12,331,496</u>	<u>(254,569)</u>	<u>27,454,974</u>
Less: accumulated depreciation	<u>(10,659,384)</u>	<u>(565,589)</u>	<u>215,482</u>	<u>(11,009,491)</u>
Capital assets being depreciated, net	<u>4,718,663</u>	<u>11,765,907</u>	<u>(39,087)</u>	<u>16,445,483</u>
Total capital assets, net	<u>\$ 20,652,498</u>	<u>\$ 15,344,870</u>	<u>\$ (12,215,562)</u>	<u>\$ 23,781,806</u>

Depreciation expense related to the utilization of fixed assets for the year ended December 31, 2024, was \$565,589.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Notes to Financial Statements (continued)

(8) Changes in Long-Term Liabilities

During the year ended December 31, 2024, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct borrowings:					
Grant Anticipation Note, Series 2023	\$ 65,625	\$ 2,000,000	\$ 2,065,625	\$ -	\$ -

The District issued a Grant Anticipation Note dated August 3, 2023 in the amount of \$6,500,000 for the purpose acquiring, constructing, and equipping landside infrastructure within the jurisdictions of the District. The note is to be paid with anticipated grant proceeds as they are received, but no later than August 1, 2026. The note bears interest at 5 percent annually. Interest is to be payable semi-annually on February 1 and August 1 of each year, commencing on February 1, 2024.

(9) Compensation of Commissioners

The Commissioners of the District during the year ended December 31, 2024 served without compensation and are as follows:

Donna Lanceslin, President	Joe Duck
Murphy Pontiff, Vice President	David Hanagriff
Joel Authement	Joseph Phillips
Lennel Paul	Joseph Tabb
	Wilson Terry

(10) Compensation and Other Payments to Executive Director

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. Payments to the District's Executive Director, David Naquin, for the year ended December 31, 2024, are as follows.

Salary	\$ 84,660
Benefits – Retirement	8,466
Car allowance	10,200
Travel	1,216
Reimbursements - Supplies	31
Total	<u>\$ 104,573</u>

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Notes to Financial Statements (continued)

(11) Retirement Plans

The District provides a Simplified Employee Pension plan for all eligible employees. The District has selected the pro rata allocation formula for contributions. Employer contributions made for a plan year on behalf of any participant shall not exceed the lesser of 100% of compensation or the limitation in effect under Code Section 415(c)(1)(A), which was \$69,000 for 2024.

The District contributed 10% of each eligible employee's salary for a total of \$16,587 during the year ended December 31, 2024.

(12) Risk Management

The District is exposed to various risks of loss related to torts, theft, or damage to assets, errors and omissions, injuries to employees and natural disasters. The District has purchased commercial insurance to protect against loss from substantially all of these perils. There were no significant reductions in insurance coverage, retention, or limits during the current year. Settled claims have not exceeded commercial coverages in any of the previous three fiscal years.

(13) New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements:

GASB Statement 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This standard is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The effect of implementation on the District's financial statements has not yet been determined.

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This standard is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The effect of implementation on the District's financial statements has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This standard is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The effect of implementation on the District's financial statements has not yet been determined.

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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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*

The Board of Commissioners
West St. Mary Parish Port, Harbor and Terminal District
Franklin, 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 West St. Mary Parish Port, Harbor and Terminal District (the "District") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 11, 2025.

Report on 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 (internal control) as a basis for designing 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 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 District'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. We identified certain deficiencies in internal control, described in the accompanying schedule of audit results and findings as items 2024-001 and 2024-002, that we consider to be material weaknesses.

Report on 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 financial statements. 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*.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of audit results and findings. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
June 11, 2025

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Schedule of Audit Results and Findings
Year Ended December 31, 2024

Part I. Summary of Audit Results

Financial Statements

1 Type of auditor's report issued on financial statements Unmodified

2 Internal control over financial reporting:

Material weakness(ies) identified?	<u>✓</u> yes	<u> </u> no
Significant deficiency(is) identified?	<u> </u> yes	<u>✓</u> none reported

3 Noncompliance material to the financial statements? yes ✓ no

Other

4. Management letter issued? yes ✓ no

Part II. Findings required to be reported in accordance with *Government Auditing Standards*

A. Internal Control

2024-001 – Inadequate Segregation of Duties

Year initially Occurring: Unknown

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The District's internal control over financial reporting includes those policies and procedures that pertain to the District's ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements.

CAUSE: Due to limited personnel performing administrative functions, the same person or persons prepares checks, reconciles bank statements, enters information into the general ledger, prepares journal entries and posts to the general ledger, and performs other significant administrative and financial functions within the accounting system.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and or defalcations may occur and not be prevented and or detected

RECOMMENDATION: Management is aware of this inadequacy and has concluded that the cost of hiring additional personnel to achieve complete segregation of duties would exceed its benefits.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended December 31, 2024

2024-002 – Financial Reporting (Application of GAAP)

Year initially Occurring: Unknown

CONDITION: The District lacks adequate staff and the expertise to prepare financial statements in accordance with U.S. generally accepted accounting principles (GAAP), as applicable to governmental entities.

CRITERIA: The District's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements and to apply GAAP in the preparation of those financial statements and related disclosures.

CAUSE: The condition results from the relatively small size of the District and the increased costs of hiring personnel to prepare GAAP-based financial statements.

EFFECT: GAAP-based financial statements, as applicable to governmental entities, are not prepared by the District.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

B. Compliance

No findings are reported under this section.

Part III. Findings and questioned costs reported in accordance with the Uniform Guidance:

The requirements of the Uniform Guidance are not applicable.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Schedule of Prior Audit Findings
Year Ended December 31, 2024

A. Internal Control

2023-001 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CURRENT STATUS: See schedule of audit results and findings, item 2024-001.

2023-002 – Financial Reporting

CONDITION: The District lacks adequate staff and the expertise to prepare financial statements in accordance with U.S. generally accepted accounting principles (GAAP), as applicable to governmental entities.

CURRENT STATUS: See schedule of audit results and findings, item 2024-002.

B. Compliance

There were no prior year findings reported under this section.

C. Uniform Guidance

Not applicable in the prior year.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
Franklin, Louisiana

Corrective Action Plan for Current Audit Findings
Year Ended December 31, 2024

2024-001 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated

MANAGEMENT'S RESPONSE: Due to the size of the operation and cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

2024-002 – Financial Reporting

CONDITION: The District lacks adequate staff and the expertise to prepare financial statements in accordance with U.S. generally accepted accounting principles (GAAP), as applicable to governmental entities.

MANAGEMENT'S RESPONSE: Management continues to evaluate the cost-benefit of outsourcing the preparation of the District's financial statements to its independent auditors rather than incur the costs to employ someone to prepare GAAP-based financial statements and have determined that it would be more cost effective to outsource the preparation of the financial statements. We will review the financial statements, notes, and any supplementary information prior to accepting responsibility for their presentation and content.

**WEST ST. MARY PORT, HARBOR,
AND TERMINAL DISTRICT**
Statewide Agreed-Upon Procedures

Fiscal period January 1, 2024 through December 31, 2024

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES TO CONTROL AND COMPLIANCE AREAS IDENTIFIED BY THE LOUISIANA LEGISLATIVE AUDITOR

The Board of Commissioners
West St. Mary Parish Port, Harbor, and Terminal District, and
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2024 through December 31, 2024. The management of the West St. Mary Parish Port, Harbor, and Terminal District (hereinafter "District") is responsible for those control and compliance areas identified in the SAUPs.

An agreed-upon procedures engagement involves the performing of specific procedures that the District has agreed to and acknowledged to be appropriate on those control and compliance areas identified in the LLA's SAUPs for the fiscal period January 1, 2024 through December 31, 2024 and report on exceptions based upon the procedures performed. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. However, this report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated exceptions, if any, are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***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.
 - iii. ***Disbursements***, including processing, reviewing, and approving.

- iv. ***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).
- v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. ***Credit Cards (and debit cards, fuel cards, purchase 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).
- ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

2) Board or Finance Committee

- A. 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
 - i. 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.
 - ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds.
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned 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 unassigned fund balance in the general fund.

- iv. Observe whether the board finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3) Bank Reconciliations

- A. Obtain a listing of entity 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 each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

4) Collections (excluding electronic funds transfers)

- A. 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).
- B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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:
 - i. Employees responsible for cash collections do not share cash drawers registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also 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; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. 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 and the cash is stored securely in a locked safe or drawer)
 - v. Trace the actual deposit per the bank statement to the general ledger.

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

- A. 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).
- B. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. 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;
 - iv. 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, and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A 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
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were

made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.
- B. 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
 - i. Observe whether 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) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported), and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B 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 (e.g., each card should have 10 transactions subject to inspection) 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). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

- A. 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 and 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
 - i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. 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 Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8) Contracts

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

- A. 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. 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
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. 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.

9) Payroll and Personnel

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory),
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc) have been paid, and any associated forms have been filed, by required deadlines.

10) Ethics

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11) Debt Service

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. 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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

12) Fraud Notice

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

- A. 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 as required by R.S. 24:523.
- B. 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.

13) Information Technology Disaster Recovery/Business Continuity

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

- A. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- B. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- C. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are a) hired before June 9, 2020 – completed training; and b) hired on or after June 9, 2020 – completed training within 30 days of initial service or employment.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Exceptions

Exceptions found as a result of applying the procedures listed above are as follows:

Written Policies and Procedures

1. Written policies and procedures for budgeting were obtained and address the subcategories noted above with the exception of monitoring the budget.
2. Written policies and procedures for purchasing were obtained and address the subcategories noted above with the exception of (2) how vendors are added to the vendor list.
3. Written policies and procedures for receipts/collections were obtained and address the subcategories noted above with the exception of management's actions to determine the completeness of all collections.
4. Written policies and procedures for travel and expense reimbursements were obtained and address the subcategories noted above with the exception of (2) dollar thresholds for two (2) of the four (4) expense categories.
5. Written policies and procedures for ethics were obtained but do not specifically address the identified subcategories.
6. The District does not have written policies and procedures related to debt service or information technology disaster recovery/business continuity.
7. Written policies and procedures for prevention of sexual harassment were obtained and address the subcategories noted above with the exception of (2) annual employee training and (3) annual reporting.

Board or Finance Committee

8. Minutes did not reference or include quarterly budget-to-actual comparisons for the District's proprietary fund

Bank Reconciliations

9. The bank reconciliation for the District's one (1) cash account did not evidence the date of management's review.

Collections

10. The District does not utilize a pre-numbered receipt system.
11. The two (2) selected collections were not deposited within one (1) business day of receipt at the collection location.

Non-Payroll Disbursements

12. The employee(s) responsible for processing payments is also responsible for mailing payments.
13. Only one employee may be involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

14. The statement for one (1) of the District's two (2) credit cards did not include evidence of written approval by someone other than the authorized cardholder.
15. Of the six (6) transactions identified on the District's two (2) credit card statements, three (3) did not have written documentation of the business/public purpose.

Travel and Travel-Related Expense Reimbursements

16. One (1) of the five (5) reimbursements selected was not reviewed and approved, in writing, by someone other than the person receiving the reimbursement.
17. Three (3) of the five (5) reimbursements selected were reimbursed at a rate greater than those established by the U.S. General Services Administration or the standard mileage rates established by the Internal Revenue Service.

Prevention of Sexual Harassment

18. The District has not posted its sexual harassment policy and complaint procedure on its website

Management's Response

The District concurs with the exceptions and is working to address the deficiencies identified.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable provisions of *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance 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.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information of and use by the District's management and the LLA and is not intended to be and should not be used by anyone other than these specified parties. Accordingly, this report is not suitable for any other purpose. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants