

TWIN PARISH PORT DISTRICT

Delcambre, Louisiana

Financial Report

Years Ended December 31, 2017 and 2016

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E. Larry Sikes, CPA/PFS, CVA*, CFP®
 Danny P. Frederick, CPA
 Clayton E. Darnall, CPA, CVA
 Eugene H. Darnall, III, CPA
 Stephanie M. Higginbotham, CPA
 John P. Armato, CPA/PFS
 Jennifer S. Ziegler, CPA/PFS, CFP®
 Chris A. Miller, CPA, CVA
 Steven G. Moosa, CPA
 M. Rebecca Gardes, CPA
 Joan B. Moody, CPA
 Lauren V. Hebert, CPA/PFS
 Erich G. Loewer, III, CPA, M.S. Tax
 Jeremy C. Meaux, CPA
 Stephen R. Dischler, CPA, MBA
 Pamela Mayeux Bonin, CPA, CVA
 Craig C. Babineaux, CPA/PFS, CFP®
 Adam J. Curry, CPA, CFP®
 Kyle P. Saltzman, CPA, CFE
 Jacob C. Roberic, CPA



**Darnall, Sikes
& Frederick**

(A Corporation of Certified Public Accountants)

Kevin S. Young, CPA
 Christy S. Dew, CPA, MPA
 Rachel W. Ashford, CPA
 Veronica L. LeBleu, CPA, MBA
 Christine Guidry Berwick, CPA, MBA
 Brandon L. Porter, CPA
 Brandon R. Dunphy, CPA
 Robert C. Darnall, CPA, CVA, M.S.
 Benjamin J. Baudoin, CPA

* (Emeritus)

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
 Twin Parish Port District
 P.O. Box 101
 Delcambre, Louisiana 70528-0101

Report on the Financial Statements

We have audited the accompanying financial statements of the Twin Parish Port District of Delcambre, Louisiana, as of and for the years ended December 31, 2017 and 2016, and the related notes to the 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those

2000 Kaliste Saloom
 Suite 300
 Lafayette, LA 70508
 Phone: 337.232.3312
 Fax: 337.237.3614

1231 E. Laurel Avenue
 Eunice, LA 70535
 Phone: 337.457.4146
 Fax: 337.457.5060

1201 Brashear Avenue
 Suite 301
 Morgan City, LA 70380
 Phone: 985.384.6264
 Fax: 985.384.8140

203 S. Jefferson Street
 Abbeville, LA 70510
 Phone: 337.893.5470
 Fax: 337.893.5470

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risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Twin Parish Port District of Delcambre, Louisiana, as of December 31, 2017 and 2016, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States 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 be an essential part of the 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 a report dated April 25, 2017 on our consideration of the District's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Delcambre, Louisiana

June 27, 2018

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Statements of Net Position
December 31, 2017 and 2016

	2017	2016
ASSETS		
Cash	\$ 646,332	\$ 512,455
Restricted cash	36,789	33,489
Ad valorem taxes	545,482	559,786
Grant receivable	-	10,952
Prepaid expenses	9,215	3,952
Total current assets	1,237,818	1,120,634
Fixed Assets		
Property, plant and equipment	7,374,375	7,333,911
Less accumulated depreciation	(1,218,334)	(1,042,009)
	6,156,041	6,291,902
Total Assets	7,393,859	7,412,536
LIABILITIES		
Accounts payable	1,111	5,086
Accrued expenses	1,775	3,535
Bond payable, due currently	172,000	165,000
Total current liabilities	174,886	173,621
Noncurrent Liabilities		
Bond payable	383,455	555,155
Total Liabilities	558,341	728,776
NET POSITION		
Net invested in capital assets	5,600,586	5,571,747
Restricted for debt service	36,789	33,489
Unrestricted	1,198,143	1,078,524
Total Net Position	\$ 6,835,518	\$ 6,683,760

The accompanying notes are an integral part of this statement.

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31,

	2017	2016
OPERATING REVENUES:		
Leases and rents	\$ 121,075	\$ 124,603
Program income	39,249	12,961
Total operating revenues	<u>160,324</u>	<u>137,564</u>
OPERATING EXPENSES:		
Audit	15,500	15,500
Depreciation	176,325	172,894
Dock master	1,900	11,400
Dues and subscriptions	4,520	4,205
Insurance	9,602	9,710
Interest	30,052	34,083
Marketing expense	33,742	10,482
Miscellaneous	15,015	11,142
Office expense	7,866	6,300
Outside services	6,420	73,950
Payroll taxes	16,925	-
Port director	54,978	52,967
Professional fees	4,744	-
Program registration	1,800	1,800
Rent	9,750	5,900
Repairs and maintenance	40,377	27,542
Salaries	88,092	-
Supplies	12,205	10,763
Telephone	5,612	4,875
Travel	4,820	6,707
Utilities	20,460	20,365
Water patrol	-	4,550
Website maintenance	4,574	3,309
Total operating expenses	<u>565,279</u>	<u>488,444</u>
Operating loss	<u>(404,955)</u>	<u>(350,880)</u>
NON-OPERATING REVENUES (EXPENSES):		
Ad valorem taxes	493,851	647,686
Federal grants	62,016	10,952
Interest income	43	65
Miscellaneous	803	-
Town of Erath utilities construction	-	(109,232)
Total non-operating revenues	<u>556,713</u>	<u>549,471</u>
Net Income before contributions	<u>151,758</u>	<u>198,591</u>
CAPITAL CONTRIBUTIONS:		
Contribution of 22.03 acres bordering Lake Peigneur	-	64,700
Total capital contributions	-	64,700
Change in net position	151,758	263,291
Total net position, beginning of year	<u>6,683,760</u>	<u>6,420,469</u>
Total net position, end of year	<u>\$ 6,835,518</u>	<u>\$ 6,683,760</u>

The accompanying notes are an integral part of this statement.

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 159,367	\$ 143,791
Payments to suppliers	(268,723)	(231,209)
Payments to employees	(105,017)	(83,317)
Net cash used by operating activities	(214,373)	(170,735)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal grant	62,820	-
Receipts from ad valorem tax	493,851	559,303
Net cash provided by noncapital financing activities	556,671	559,303
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Town of Erath utilities construction	-	(109,232)
Purchase of capital assets	(40,464)	(17,291)
Net cash provided (used) by capital and related financing activities	(40,464)	(126,523)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in restricted cash	(3,300)	88,059
Payments on tax bond	(164,700)	(162,580)
Interest received on interest bearing deposits	43	65
Net cash used by investing activities	(167,957)	(74,456)
Net change in cash and cash equivalents	133,877	187,589
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	512,455	324,866
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 646,332	\$ 512,455
Reconciliation of Operating Loss to Net Cash		
Used by Operating Activities:		
Operating loss	\$ (404,955)	\$ (350,880)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation	176,325	172,894
Change in receivables	25,255	3,535
Change in prepaid expenses	(5,263)	338
Change in payroll taxes payable	(1,760)	2,692
Change in accounts payable	(3,975)	686
Net cash used by operating activities	\$ (214,373)	\$ (170,735)

2016 NONCASH CAPITAL INVESTING

A contribution of 22.03 acres bordering Lake Peigneur was contributed to the Port with a value of \$64,700.

The accompanying notes are an integral part of this statement.

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Notes to Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Twin Parish Port District (District) is centrally divided between Iberia and Vermilion Parish and includes Vermilion bay. The District has a separate appointed board and provides services to residents within its geographic boundaries. The accounting and reporting policies of the District have been prepared in conformity with generally accepted accounting principles as applied to governmental units. Such accounting and reporting procedures also conform to the guides set forth in the industry audit guide, *Audits of State and Local Governmental Units* and the *Louisiana Governmental Audit Guide*. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

Financial Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the District. There are no component units of the District.

Fund Accounting

The accounts of the District are organized and operated on a fund basis whereby a separate self-balancing set of accounts that comprise its assets, liabilities, net assets, revenues and expenses is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or regulations. The District is presented in the accompanying financial statements as follows:

PROPRIETARY FUND –

The focus of Enterprise fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Enterprise fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the District are leases and rents. The operating cost of the enterprise fund is all costs associated with the operation of the District. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Net Position

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

- a. Net Invested in capital assets – Consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- b. Restricted net position – 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 provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The District used restricted assets only when unrestricted assets are fully depleted.

Measurement Focus/Basis of Accounting

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

The Enterprise fund utilized an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Encumbrance Accounting

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not employed by the District.

Cash and Interest-Bearing Deposits

Cash represents non interest-bearing demand deposits.

Interest-bearing deposits include interest-bearing demand deposits and short-term time deposits. These interest-bearing deposits are stated at cost which approximates market.

Under state law, the District may deposit funds with a fiscal 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. Further, the District may invest in time deposits or certificates-of-deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

For the purpose of the statement of cash flows, the District considers only interest-bearing deposits with an initial maturity date of 90 days or less and all non-interest-bearing demand deposits to be cash and cash equivalents.

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets

Fixed assets used in the proprietary fund type operations are valued at historical costs. Depreciation of all exhaustible fixed assets used by the proprietary fund type operations is charged as an expense against operations. Fixed assets on the balance sheet are net of accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the various assets as follows:

Machinery and Equipment	5-10 years
Improvements	20-40 years

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against operations. Depreciation expense for the years ended December 31, 2017 and 2016 were \$176,325 and \$172,894, respectively.

Use of 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 and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences

The District does not have a formal policy on vacation and sick leave. Annual vacation and sick leave are granted at the discretion of the Board.

Change in Accounting Principle

The District adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 introduced and defined deferred outflows of resources and deferred inflows of resources as consumption and an acquisition, respectively, of net assets by the government that is applicable to a future reporting period. The District has no deferred inflows and outflows for the years ended December 31, 2017 and 2016.

Subsequent Events

Management has evaluated events subsequent to the balance sheet date through July 27, 2018, the date the financial statements were available to be issued.

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Notes to Financial Statements

NOTE 2 CASH AND INTEREST-BEARING DEPOSITS

As reflected, the District has cash and interest-bearing deposits (bank balances) as follows:

	2017	2016
Unrestricted:		
Demand deposits	\$ 644,337	\$ 512,035
Petty cash	1,995	420
	646,332	512,455
Restricted for Debt Service:		
Demand deposits	36,789	33,489
Total cash and cash equivalents	\$ 683,121	\$ 545,944

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. 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. Deposit balances (bank balances) are secured as follows:

	2017	2016
Accounts bank balances	\$ 685,837	\$ 441,290
Federal deposit insurance	250,000	250,000
Balance uninsured	435,837	191,290
Pledged securities (category 3)	693,298	476,082
Excess FDIC insurance and pledged securities over cash and investments	\$ (257,461)	\$ (284,792)

Pledged securities in Category 3 include uninsured or unregistered investments for which the securities are held by the pledging institution, or by its trust department or agent, but not in the District's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 ACCOUNTS RECEIVABLE

The District uses the direct write-off method. Expense is recognized during the period in which a specific account is determined to be uncollectible. The District believes this procedure does not result in a material difference from the valuation method required by generally accepted accounting principles.

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Notes to Financial Statements

NOTE 4 PROPERTY PLANT AND EQUIPMENT

A summary of changes in the proprietary fund type property, plant and equipment for the year ended December 31, 2017 is as follows:

	Balance December 31, 2016	Additions	Deductions	Balance December 31, 2017
Land	\$ 850,886		\$ -	\$ 850,886
Land improvements	6,406,286	39,300	-	6,445,586
Equipment	68,328		-	68,328
Construction in progress	<u>8,411</u>	<u>1,164</u>	-	<u>9,575</u>
	7,333,911	40,464	-	7,374,375
Accumulated depreciation	<u>(1,042,009)</u>	<u>(176,325)</u>	-	<u>(1,218,334)</u>
Net property, plant and equipment	<u>\$ 6,291,902</u>	<u>\$ (135,861)</u>	<u>\$ -</u>	<u>\$ 6,156,041</u>

NOTE 5 LONG TERM DEBT

	<u>2017</u>	<u>2016</u>
Limited Tax Certificate of Indebtedness, Series 2010, for \$1,500,000, issued April 15, 2010, at a rate of 4.0%, currently 4.25 %through and including February 28, 2015. From March 1, 2015 till paid in full, the rate will be the "Prime Rate" plus 0.75%, not to exceed 8.0%, principal payments beginning March 2011, with final payment due February 2020, collateralized by an irrevocable pledge and dedication of the funds to be derived by the District from the levy and collection of the special tax of 4.00 mills levied in the years 2010 through 2019.	\$ 555,455	\$ 720,155
Less current maturities	<u>172,000</u>	<u>165,000</u>
	<u>\$ 383,455</u>	<u>\$ 555,155</u>

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

	Balance <u>12/31/2016</u>	Bond <u>Proceeds</u>	Principal <u>Payments</u>	Balance <u>12/31/2017</u>
Certificate of Indebtedness	<u>\$ 720,155</u>	<u>\$ -</u>	<u>\$ 164,700</u>	<u>\$ 555,455</u>

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Notes to Financial Statements

NOTE 5 LONG TERM DEBT (Continued)

The annual requirements to amortize debt outstanding at December 31, 2016, including interest payments are as follows:

Fiscal Year Ending December 31,	Principal	Interest
2018	\$ 172,000	\$ 26,000
2019	178,000	19,000
2020	205,455	4,000
Total principal payments	\$ 555,455	\$ 49,000

NOTE 6 AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. These taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. During the year ended December 31, 2017, the District was authorized, and levied, a 5.00 mill ad valorem tax.

NOTE 7 LITIGATION

There is a litigation pending against the District at December 31, 2017. It is expected there is sufficient insurance to cover the defense and claim with no exposure to the Port District.

NOTE 8 COMPENSATION PAID TO MEMBERS OF THE BOARD OF COMMISSIONERS

The commissioners of the District receive no compensation.

SUPPLEMENTARY INFORMATION

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana
Schedule of Compensation, Benefits and Other Payments to Agency Head
Year Ended December 31, 2017

Port Director Wendell Verret

Salary \$51,150
Reimbursements \$181
Travel \$3,646

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER GRANT INFORMATION**



**Darnall, Sikes
& Frederick**

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* (Emeritus)

**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
 Twin Parish Port District
 Delcambre, 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 the business-type activities of Twin Parish Port District (the District) of Delcambre, Louisiana as of and for the year ended December 31, 2017, 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 27, 2018.

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) 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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.

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

2000 Kaliste Saloom
 Suite 300
 Lafayette, LA 70508
 Phone: 337.232.3312
 Fax: 337.237.3614

1231 E. Laurel Avenue
 Eunice, LA 70535
 Phone: 337.457.4146
 Fax: 337.457.5060

1201 Brashear Avenue
 Suite 301
 Morgan City, LA 70380
 Phone: 985.384.6264
 Fax: 985.384.8140

203 S. Jefferson Street
 Abbeville, LA 70510
 Phone: 337.893.5470
 Fax: 337.893.5470

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statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described as item 2017-1 in the accompanying schedule of findings and responses costs to be material weaknesses.

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. We noted no significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

District's 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Dunnell, Sikes & Frederick

A Corporation of Certified Public Accountants

Delcambre, Louisiana
June 27, 2018

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Schedule of Prior Year Audit Findings
Year Ended December 31, 2017

2016-1 Findings: Segregation of Duties

The District does not segregate the duties of recording transactions, custody of assets, and authorization of transactions.

Status: This finding is unresolved. See current year finding 2017-1.

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Schedule of Findings and Responses
Year Ended December 31, 2017

SECTION 1 SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Auditor's Report

An unmodified opinion has been issued on the Twin Parish Port District's financial statements as of and for the year ended December 31, 2016.

Deficiencies and Material Weakness in Internal Control – Financial Reporting

There was one significant deficiency in internal control over financial reporting disclosed during the audit of the financial statement which is shown as item 2017-1 in Section 2 below.

Material Noncompliance – Financial Reporting

There were no instances of noncompliance noted during the audit of the financial statements.

FEDERAL AWARDS

Major Program Identification

This section is not applicable for the year ended December 31, 2017.

SECTION 2 FINDINGS RELATING TO THE AUDIT IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

2017-1 Segregation of Duties

Criteria: Effective internal controls require adequate segregation of duties to allow for prevention and detection of errors and possible misappropriation of funds.

Condition: Due to the limited number of personnel, one individual is responsible for all the key functions of the Port.

Effect: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Finding: Due to the small number of personnel, the Twin Parish Port District did not have adequate segregation of duties within the accounting department.

Recommendation: Based on the size of the operation and the cost benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

Schedule of Findings and Responses (Continued)
Year Ended December 31, 2017

SECTION 3 FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL PROGRAMS

At December 31, 2017, the Twin Parish Port District did not meet the requirements to have a single audit in accordance with OMB Circular A-133; therefore, this section is not applicable.

SECTION 4 MANAGEMENT LETTER

The auditor did not issue a management letter this year.

TWIN PARISH PORT DISTRICT
Delcambre, Louisiana

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

Response to Finding 2017-1:

No response is considered necessary.

E. Larry Sikes, CPA/PFS, CVA*, CFP®
 Danny P. Frederick, CPA
 Clayton E. Darnall, CPA, CVA
 Eugene H. Darnall, III, CPA
 Stephanie M. Higginbotham, CPA
 John P. Armato, CPA/PFS
 Jennifer S. Ziegler, CPA/PFS, CFP®
 Chris A. Miller, CPA, CVA
 Steven G. Moosa, CPA
 M. Rebecca Gardes, CPA
 Joan B. Moody, CPA
 Lauren V. Hebert, CPA/PFS
 Erich G. Loewer, III, CPA, M.S. Tax
 Jeremy C. Meaux, CPA
 Stephen R. Dischler, CPA, MBA
 Pamela Mayeux Bonin, CPA, CVA
 Craig C. Babineaux, CPA/PFS, CFP®
 Adam J. Curry, CPA, CFP®
 Kyle P. Saltzman, CPA, CFE
 Jacob C. Roberie, CPA

Kevin S. Young, CPA
 Christy S. Dew, CPA, MPA
 Rachel W. Ashford, CPA
 Veronica L. LeBleu, CPA, MBA
 Christine Guidry Berwick, CPA, MBA
 Brandon L. Porter, CPA
 Brandon R. Dunphy, CPA
 Robert C. Darnall, CPA, CVA, M.S.
 Benjamin J. Baudoin, CPA

* (Emeritus)



**Darnall, Sikes
& Frederick**

(A Corporation of Certified Public Accountants)

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Mr. Wendell R. Verret
Twin Parish Port Commission
Delcambre, LA

We have performed the procedures enumerated below, which were agreed to by Twin Parish Port Commission (Entity), and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2017. The 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 the Entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Entity does not have any written policies and procedures), as applicable:

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

Written policies and procedures were obtained and do address the functions noted above.

2000 Kaliste Saloom
Suite 300
Lafayette, LA 70508
Phone: 337.232.3312
Fax: 337.237.3614

1231 E. Laurel Avenue
Eunice, LA 70535
Phone: 337.457.4146
Fax: 337.457.5060

1201 Brashear Avenue
Suite 301
Morgan City, LA 70380
Phone: 985.384.6264
Fax: 985.384.8140

203 S. Jefferson Street
Abbeville, LA 70510
Phone: 337.893.5470
Fax: 337.893.5470

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

www.dsfcpas.com

- 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:

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage:

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits:

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

Board (or Finance Committee, if applicable)

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

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

Obtained and reviewed minutes of the board for the fiscal period noting that the board met monthly in accordance with the entity's policy, however for two months a meeting was not held due to lack of a quorum.

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

Minutes do reference monthly budget-to-actual comparisons for the Enterprise Fund identified as such.

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

Deficit spending was not noted during the fiscal period.

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

The minutes do reference non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

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

Obtained a listing of client bank accounts from management and management provided representation that the listing is complete.

4. Using the listing provided by management, select all of the Entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

We selected four of the four active bank accounts maintained by the Entity.

- a) Bank reconciliations have been prepared:

Bank reconciliations have been prepared for all months during the fiscal period for the bank accounts selected.

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

Bank reconciliations do not include evidence of management's review.

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

Two of the four bank accounts selected had reconciling items outstanding for more than 6 months, which did not have evidence of management researching those items

Collections

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

Obtained listing of cash collection locations and management provided representation that the listing is complete.

6. Using the listing provided by management, select all of the Entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

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

The Entity does have a surety bond covering each person responsible for collecting cash, function (1) above. The Entity has written policies and procedures that address functions (2) and (3) above.

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

Written policies and procedures were obtained and do address the functions noted above.

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

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

Cash collection documentation was obtained for the selected weeks and we noted deposits were made within one day of collection.

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

Daily cash collections for the week selected are completely supported by documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Entity has a process specifically defined (identified as such by the Entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections:

Written policies and procedures were obtained and do address the functions noted above.

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

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

Obtained listing of disbursements and management provided representation that the listing is complete.

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

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

Examined supporting documentation for each of the disbursements selected and noted that purchases were initiated using a purchase order system.

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

Examined supporting documentation for each of the disbursements selected and noted appropriate approval of purchase orders by a person who did not initiate the transaction.

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

Examined supporting documentation for each of the disbursements selected and noted appropriate purchase order, receiving report, and approved invoice.

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

Written policies and procedures provided do not address the function of adding vendors to the entity’s purchasing/disbursement system.

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

Written policies and procedures were obtained and do address the functions noted above.

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

Supply of unused checks are maintained in a locked location, with restricted access from those persons with signatory authority.

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

Signature stamps and signature machines are not utilized by the entity.

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

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

Obtained listing of all active credit cards and management provided representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the Entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner:

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

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

Examined supporting documentation for the monthly statements selected noting the statement did not have written evidence of being reviewed and approved.

- b) Report whether finance charges and/or late fees were assessed on the selected monthly statements:

The Entity did not incur finance charges and/or late fees on the selected statements.

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

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased):

Each transaction was supported by an original itemized receipt.

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

Each transaction was supported by documentation of the business/public purpose.

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

Each transaction was supported by appropriate documentation.

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

No exceptions noted.

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

No exceptions noted.

Travel and Expense Reimbursement

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

Obtained listing of travel and expense reimbursements, by person, and management provided representation that the listing is complete.

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

Written policies and procedures were obtained and the amounts listed in the Entity's policies regarding travel and expense reimbursements did not exceed GSA rates.

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

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

Expenses selected were reimbursed in accordance with written policies.

- b) Report whether each expense is supported by:

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

Obtained supporting documentation that identified precisely what was purchased for the items selected for testing.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating):
Documentation of business purpose noted for each expense reimbursement selected.
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance):
Documentation required by written policy noted for each expense reimbursement selected.
- c) Compare the Entity’s documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception:
No exceptions noted.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement:
Examined supporting documentation for each expense reimbursement selected noting the reimbursement did not have written evidence being reviewed and approved.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management’s representation that the listing or general ledger is complete:
Obtained listing of all contracts in effect and management provided representation that the listing is complete.
21. Using the listing above, select the five contract “vendors” that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid:
The Entity only had one contract for the fiscal year. A formal/written contract supporting the service arrangements was noted for this vendor.
 - b) Compare each contract’s detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder):
The contract was not subject to the Procurement code.
 - If no, obtain supporting contract documentation and report whether the Entity solicited quotes as a best practice:
The Entity provided contract documentation and did solicit quotes as a best practice

-

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

Contracts selected were not amended.

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

The invoices and related payments selected complied with the terms and conditions of the contract.

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

Obtained documentation of approval for selected contracts as required by policy.

Payroll and Personnel

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

Obtained listing of employees with their related salaries and management's representation that the listing is complete.

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

Each employee selected was paid in accordance with the terms and conditions of the employment contract or pay rate structure.

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

Changes to pay rates during the fiscal period for selected employee were approved in writing.

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

- a) Report whether all selected employees/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.):

Documentation of daily attendance and leave was noted for each employee selected.

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

Documentation of supervisor approval for attendance and leave was noted for each employee selected.

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

Documentation of written leave records were maintained for employees selected.

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

Obtained listing of employees terminated during the fiscal period and management provided representation that the listing is complete. No termination payments were made during the fiscal year.

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

Obtained supporting documentation relating to payroll taxes and retirement contributions during the fiscal period noting that related payments and required reporting forms were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

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

The five employees selected for testing did not have documentation to demonstrate that the required ethics training was completed.

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

No alleged ethics violations were reported to the Entity during the fiscal year.

Debt Service (excluding nonprofits)

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

The Entity did not issue any debt during the current fiscal year.

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

The Entity did have outstanding debt during the fiscal period. Supporting documentation was obtained noting scheduled debt service payments were made and debt reserves were maintained as required by debt covenants.

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

The Entity did have tax millages relating to debt during the fiscal period. Supporting documentation was obtained noting millage collection did not exceed debt service payments by more than 10%. Also, no millages were collected after debt had been paid off.

Other

31. Inquire of management whether the Entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the Entity reported the misappropriation to the legislative auditor and the Entity 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 during the reporting period.

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

Required notices are posted on the Entity's premises and website.

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

No exceptions noted.

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.

This 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.

Dannall, Sikes, & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana
May 22, 2018