

**RED RIVER PARISH
PORT COMMISSION**

**ANNUAL FINANCIAL REPORT
JUNE 30, 2019**

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Red River Parish Port Commission

P. O. Box 1270
Coushatta, LA 71019

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2019

This section of the Red River Parish Port Commission's (Commission) annual financial report offers readers a narrative overview and analysis of the financial performance of the Commission for the year ended June 30, 2019. The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Certain comparative information between the current year and prior year is required to be presented in the MD&A. Readers are encouraged to consider the information presented here in conjunction with the information furnished in the Commission's financial statements, which immediately follow this section.

Financial Highlights

- The Commission's net position increased by \$2,351,618 from prior year.
- The Commission's assets exceeded its liabilities by \$8,885,230 at June 30, 2019.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's annual financial report is comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Commission's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Activities presents information showing how the Commission's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

The government-wide financial statements distinguish functions of the Commission that are principally supported by leasing and intergovernmental revenues. The governmental activities of the Commission include general government, port and economic development. The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Commission maintains the General Fund and the Construction Fund which are classified as governmental funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current resources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of government's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

	<u>2019</u>	<u>2018</u>
ASSETS:		
Cash & Cash Equivalents	\$1,345,938	\$1,278,917
Revenue Receivable	5,945	11,060
Other Assets-Deposits	110	110
Capital Assets (net)	<u>7,533,337</u>	<u>4,386,645</u>
Total Assets	<u>\$8,885,330</u>	<u>\$5,676,732</u>
LIABILITIES:		
Accounts Payable	\$ <u>100</u>	\$ <u>968</u>
NET POSITION:		
Net Investment in Capital Assets	\$7,533,337	\$4,386,645
Unrestricted	<u>1,351,893</u>	<u>1,289,119</u>
Total Net Position	<u>\$8,885,230</u>	<u>\$5,675,764</u>

Summary of Statement of Activities

	<u>2019</u>	<u>2018</u>
REVENUES:		
Charges for Services	\$ 84,071	\$181,988
Operating Grants & Contributions	40,000	40,000
Capital Grants & Contributions	2,628,604	104,396
Interest/Other	<u>16,459</u>	<u>3,060</u>
Total Revenues	<u>\$2,769,134</u>	<u>\$329,444</u>
EXPENDITURES:		
Port Operations	\$ 40,000	\$ 66,120
Port Construction	<u>377,517</u>	<u>324,721</u>
Total Expenditures	<u>\$ 417,516</u>	<u>\$390,841</u>
Change in Net Position	<u>\$2,351,617</u>	<u>\$ (61,397)</u>

General Fund Budgetary Highlights

At year end, actual revenues were \$34,200 less than budgeted revenue and actual expenditures were \$11,474 less than budgeted expenditures.

Economic Factors and Next Year's Budget

The Commission has prepared its FY 2019/2020 operations budget for the General Fund on the assumption that revenues and expenditures will remain fairly constant next year.

Contacting the Commission

This financial report is designed to provide our citizens, grantors, and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Commission at P.O. Box 1270, Coushatta, LA 71019.

T | C | B | T

THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation
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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
of the Red River Parish Port Commission

We have audited the accompanying financial statements of the governmental activities and major funds of the Red River Parish Port Commission (Commission) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund information of the Commission as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The budgetary comparison schedules and the schedule of compensation, benefits and other payments to agency head or chief executive officer, listed as other required supplementary information in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules and schedule of compensation, benefits and other payments to agency head or chief executive officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules, and schedule of compensation, benefits and other payments to agency head or chief executive officer are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2019, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated September 27, 2019 on the results of our state wide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.



Thomas, Cunningham, Broadway & Todtenbier, CPA's

September 27, 2019
Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Red River Parish Port Commission
Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>
ASSETS:	
Current Assets:	
Cash & Cash Equivalents	\$ 833,802
Investments	512,136
Revenue Receivable	<u>5,945</u>
Total Current Assets	<u>\$1,351,883</u>
Non-current Assets:	
Capital Assets (net)	\$7,533,337
Deposits	<u>110</u>
Total Non-Current Assets	<u>\$7,533,447</u>
Total Assets	<u>\$8,885,330</u>
LIABILITIES:	
Accounts Payable	\$ <u>100</u>
NET POSITION:	
Net Investment in Capital Assets	\$7,533,337
Unrestricted	<u>1,351,893</u>
Total Net Position	<u>\$8,885,230</u>

See notes to financial statements.

Red River Parish Port Commission
Statement of Activities
For the Year Ended June 30, 2019

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
General Government- Port Operations	\$ 40,000	\$84,071	\$40,000	\$ 0	\$ 84,071
Port Construction	<u>377,517</u>	<u>0</u>	<u>0</u>	<u>2,628,604</u>	<u>2,251,087</u>
Total	<u>\$417,516</u>	<u>\$84,071</u>	<u>\$40,000</u>	<u>\$2,628,604</u>	<u>\$2,335,158</u>
General Revenues:					
		Interest			\$ 16,375
		Other			<u>84</u>
		Total General Revenue			<u>\$ 16,459</u>
		Change in Net Position			\$2,351,617
		Net Position June 30, 2018			<u>6,533,613</u>
		Net Position June 30, 2019			<u>\$8,885,230</u>

FUND FINANCIAL STATEMENTS

Red River Parish Port Commission
Balance Sheet-Governmental Funds
June 30, 2019

	<u>Major Funds</u>		<u>Total</u>
	<u>General Fund</u>	<u>Construction Fund</u>	
ASSETS:			
Cash & Cash Equivalents	\$ 833,802	\$0	\$ 833,802
Investments	512,136	0	512,136
Revenue Receivable	5,945	0	5,945
Deposits	<u>110</u>	<u>0</u>	<u>110</u>
Total Assets	<u>\$1,351,993</u>	<u>\$0</u>	<u>\$1,351,993</u>
LIABILITIES:			
Accounts Payable	\$ <u>100</u>	\$0	\$ <u>100</u>
FUND BALANCES:			
Assigned for Port Construction	\$ 0	\$0	\$ 0
Unassigned	<u>1,351,893</u>	<u>0</u>	<u>1,351,893</u>
Total Fund Balances	<u>\$1,351,893</u>	<u>\$0</u>	<u>\$1,351,893</u>
Total Liabilities and Fund Balances	<u>\$1,351,893</u>	<u>\$0</u>	<u>\$1,351,893</u>

See notes to financial statements.

Red River Parish Port Commission
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2019

Total Fund Balance for the Governmental Funds at June 30, 2019	\$ 1,351,893
Capital Assets reported in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet-	
Land, Equipment, and Buildings	10,659,766
Less, Accumulated Depreciation	<u>(3,126,429)</u>
Total Net Position of Governmental Activities at June 30, 2019	\$ <u>8,885,230</u>

See notes to financial statements.

Red River Parish Port Commission
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	<u>Major Funds</u>		
	<u>General</u> <u>Fund</u>	<u>Construction</u> <u>Fund</u>	<u>Total</u>
REVENUES:			
Charges for Services-			
Rent/Fees	\$ 84,071	\$ 0	\$ 84,071
Intergovernmental-			
Red River Waterway	40,000	534,725	574,725
DOTD	0	2,093,879	2,093,879
Miscellaneous-			
Interest	16,375	0	16,375
Other	84	0	84
Total Revenues	<u>\$ 140,530</u>	<u>\$2,628,604</u>	<u>\$2,769,134</u>
EXPENDITURES:			
Current-			
General Government-			
Port Operations-			
Legal & Accounting	\$ 4,954	\$ 0	\$ 4,954
Administrative	7,999	0	7,999
Utilities	1,430	0	1,430
Consultants	8,041	0	8,041
Repairs & Maintenance	15,075	0	15,075
Port Construction-			
Engineering	0	52,797	52,797
Construction in Progress	0	<u>2,701,991</u>	<u>2,701,991</u>
Total Expenditures	<u>\$ 37,499</u>	<u>\$2,754,788</u>	<u>\$2,792,287</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 103,031</u>	<u>\$ (126,184)</u>	<u>\$ (23,153)</u>
OTHER FINANCING SOURCES:			
Transfers In	\$ 0	\$ 102,688	\$ 102,688
Transfers Out	<u>(102,688)</u>	<u>0</u>	<u>(102,688)</u>
Total Other Financing	<u>\$ (102,688)</u>	<u>\$ 102,688</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	\$ 343	\$ (23,496)	\$ (23,153)
Fund Balance-Beginning of Year	<u>1,351,550</u>	<u>23,496</u>	<u>1,375,046</u>
Fund Balance-End of Year	<u>\$1,351,893</u>	<u>\$ 0</u>	<u>\$1,351,893</u>

See notes to financial statements.

Red River Parish Port Commission
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of the Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2019

Net Changes in Fund Balances-Governmental Funds	\$ (23,153)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental Funds report Capital Outlays as Expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of Capital Assets recorded in the current period is	2,701,991
Depreciation expense on Capital Assets is reported in the Government-wide Financial Statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is	<u>(327,221)</u>
Net Change in Net Position per Statement of Activities	<u>\$2,351,617</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Red River Parish Port Commission
Notes to Financial Statements
June 30, 2019

Introduction:

The Red River Parish Port Commission was created by Act 1975, contained in R.S. 34:3166, of the Louisiana Legislature. The Commission serves all of Red River Parish. The Commission shall regulate the commerce and traffic, within the Commission area in such a manner as it may, in its judgment, be for the best interest of the State.

The Commission is comprised of seven members, two members appointed by the Town of Coushatta, two members appointed by the Red River Parish Police Jury and three members appointed by the Governor. Term of appointment is six (6) years.

1. Summary of Significant Accounting Policies:

A. REPORTING ENTITY-

The Commission, for financial purposes, includes all of the funds relevant to the operations of the Commission. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Red River Parish Port Commission.

The Division of Administration of the State of Louisiana has determined that the Red River Parish Port Commission is a primary government and not a component unit or agency of the state government for financial reporting purposes.

B. BASIS OF PRESENTATION-

The Commission's statements are prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position presents the governmental-type activities on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

Red River Parish Port Commission
Notes to Financial Statements
June 30, 2019

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

C. FUND ACCOUNTING-

The accounts of the Commission are organized 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 minimum number of funds maintained is consistent with legal and managerial requirements.

The Commission maintains two funds. Both are categorized as governmental funds. The Commission considers both funds to be major.

Governmental Funds-

General Fund

The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund.

Construction Fund

The Construction Fund is used to account for all costs of construction projects at the Port.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Commission as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Red River Parish Port Commission
Notes to Financial Statements
June 30, 2019

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Commission considers all revenues "available" if collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

E. CASH AND INVESTMENTS-

For purposes of the Statement of Net Position, cash and cash equivalents include all demand accounts and certificates of deposit of the Commission. Investments are shown as a separate line item.

F. CAPITAL ASSETS-

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

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

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Infrastructure	25 years
Buildings	20 years
Dock	20 years
Equipment	20 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

G. COMPENSATED ABSENCES-

There are no employees of the Commission; therefore, no entry is made to record compensated absences.

Red River Parish Port Commission
Notes to Financial Statements
June 30, 2019

H. EQUITY CLASSIFICATIONS-

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

- a. 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.
- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net resources are available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as pre-paid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance - amounts that are available for any purpose. Only the General Fund would report positive amounts in unassigned fund balance.

Red River Parish Port Commission
Notes to Financial Statements
June 30, 2019

The General Fund has an unassigned fund balance in the General Fund of \$1,351,893. The Commission establishes, modifies/rescinds fund balance assignments by passage of a resolution. The Commission would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

I. ESTIMATES-

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

J. BUDGET-

Prior to the beginning of each fiscal year, the Commission adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. There were no planned activities in the Construction Fund, therefore, no budget was required.

K. INVESTMENTS

Investments are limited by R.S. 33:2955 and the Red River Parish Port Commission's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

2. Cash and Cash Equivalents:

The cash and cash equivalents of the Red River Parish Port Commission are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Commission will not be able to recover its deposits. 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 or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. 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 Commission that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Commission's name.

At June 30, 2019, the Commission had \$833,802 in deposits (collected bank balances and a certificate of deposit). These deposits were secured from risk by \$500,000 of federal deposit insurance and \$333,802 of pledged securities.

Red River Parish Port Commission
Notes to Financial Statements
June 30, 2019

3. Investments:

Investments held at June 30, 2019 include \$512,136 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section I50.126, the investment in LAMP at June 30, 2019, is not categorized in the three risk categories provided by GASB Codification Section I50.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

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 LSA - R.S. 33:2955. Funds invested in LAMP are subject to any limitations, restrictions, or transaction fees on withdrawals.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

- Credit risk: LAMP is rated AAA 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 five percent disclosure requirement.

Red River Parish Port Commission
Notes to Financial Statements
June 30, 2019

4. Capital Assets:

Capital asset activity for the year ended June 30, 2019, is as follows:

<u>Governmental Activities</u>	<u>Balance 07-01-18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06-30-19</u>
Capital Asset, not Depreciated:				
Land	\$ 324,777	\$ 0	\$0	\$ 324,777
Construction in Progress	1,102,288	2,701,991	0	3,804,279
Capital Assets, Depreciated:				
Roads	981,556	0	0	981,556
Office	83,885	0	0	83,885
Dock	1,548,204	0	0	1,548,204
Dock Improvement	35,079	0	0	35,079
New Scale	41,900	0	0	41,900
Storage Pad	261,361	0	0	261,361
Scales/Scale House	210,804	0	0	210,804
Utilities	114,492	0	0	114,492
Material Handler	735,000	0	0	735,000
Road 2017	245,000	0	0	245,000
Mooring Dolphins 2017	263,928	0	0	263,928
Dock Improvement 2018	317,083	0	0	317,083
Street Project	618,488	0	0	618,488
Material Handler 2018	973,930	0	0	973,930
Storage Facility	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>100,000</u>
Total Assets	<u>\$7,957,775</u>	<u>\$2,701,991</u>	<u>\$0</u>	<u>\$10,659,766</u>
Less, Accumulated Depreciation:				
Roads	\$ 454,671	\$ 39,262	\$0	\$ 493,933
Office	46,835	4,194	0	51,029
Dock	864,413	77,411	0	941,824
Dock Improvement	14,616	1,754	0	16,370
New Scale	34,218	4,190	0	38,408
Storage Pad	145,926	13,068	0	158,994
Scales/Scale House	117,697	10,540	0	128,237
Utilities	63,926	5,725	0	69,651
Material Handler	410,374	36,750	0	447,124
Road 2017	131,250	17,500	0	148,750
Mooring Dolphins 2017	141,390	18,852	0	160,242
Deck Improvement 2017	95,124	15,854	0	110,978
Street Project	154,525	30,924	0	185,449
Material Handler 2018	121,743	48,697	0	170,440
Storage Facility	<u>2,500</u>	<u>2,500</u>	<u>0</u>	<u>5,000</u>
Total Depreciation	<u>\$2,799,208</u>	<u>\$ 327,221</u>	<u>\$0</u>	<u>\$ 3,126,429</u>
Net Capital Assets	<u>\$5,518,567</u>	<u>\$2,374,770</u>	<u>\$0</u>	<u>\$ 7,533,337</u>

Depreciation expense of \$327,221 was charged to Port Construction.

Red River Parish Port Commission
Notes to Financial Statements
June 30, 2019

5. Related Parties:

The Commission had no identified related party transactions for the year ended June 30, 2019.

6. Compensation Paid to Commission Members:

The members of the Commission receive no compensation for their services.

7. Receivables:

The following is a summary of receivables at June 30, 2019:

<u>Class of Receivable</u>	<u>General Fund</u>
Rent/Fees	<u>\$5,945</u>

8. Subsequent Events:

Management has evaluated events through September 27, 2019, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED
SUPPLEMENTARY INFORMATION

Red River Parish Port Commission
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2019

	<u>Budget</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
REVENUES:				
Charges for Services	\$ 115,000	\$ 115,000	\$ 84,071	\$ (30,929)
Intergovernmental	40,000	40,000	40,000	0
Interest/Other	<u>3,050</u>	<u>19,730</u>	<u>16,459</u>	<u>(3,271)</u>
Total Revenues	\$ <u>158,050</u>	\$ <u>174,730</u>	\$ <u>140,530</u>	\$ <u>(34,200)</u>
EXPENDITURES:				
Current-				
General Government-				
Port Operations-				
Legal/Accounting	\$ 8,000	\$ 4,825	\$ 4,954	\$ (129)
Administrative	16,000	6,200	7,999	(1,799)
Utilities	500	1,200	1,430	(230)
Consultants	5,000	7,900	8,041	(141)
Maintenance & Repair	25,000	15,100	15,075	25
Capital Expenditures	100,000	0	0	0
Port Improvements	<u>3,550</u>	<u>25,000</u>	<u>0</u>	<u>25,000</u>
Total Expenditures	\$ <u>158,050</u>	\$ <u>60,225</u>	\$ <u>37,499</u>	\$ <u>22,726</u>
Excess of Revenue over Expenditures	\$ <u>0</u>	\$ <u>114,505</u>	\$ <u>103,031</u>	\$ <u>11,474</u>
OTHER FINANCING SOURCES:				
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0
Transfers Out	<u>0</u>	<u>0</u>	<u>(102,688)</u>	<u>(102,688)</u>
Total Other Financing	\$ <u>0</u>	\$ <u>0</u>	\$ <u>102,688</u>	\$ <u>(102,688)</u>
Excess of Revenues and other Sources over Expenditures	\$ 0	\$ 114,505	\$ 343	\$ 114,162
Fund Balance-Beginning of Year	<u>1,351,550</u>	<u>1,351,550</u>	<u>1,351,550</u>	<u>0</u>
Fund Balance-End of Year	<u>\$1,351,550</u>	<u>\$1,466,055</u>	<u>\$1,351,893</u>	<u>\$ 114,162</u>

See independent auditor's report.

Red River Parish Port Commission
Construction Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2019

	<u>Budget</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES:				
Red River Waterway Commission	\$2,802,200	\$1,566,000	\$2,628,604	\$ 1,062,604
EXPENDITURES:				
Current-				
Port Construction-				
Engineering	\$ 91,000	\$1,513,000	\$ 52,797	\$ 1,460,203
Construction	2,688,235	53,000	2,701,991	(2,648,991)
Other	<u>22,965</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	\$2,802,200	\$1,566,000	\$2,754,788	\$(1,188,788)
Deficiency of Revenues over Expenditures	\$ <u>0</u>	\$ <u>0</u>	\$ (126,184)	\$ (126,184)
OTHER FINANCING SOURCES:				
Transfers In	\$ 0	\$ 0	\$ 102,688	\$ 102,688
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing	\$ <u>0</u>	\$ <u>0</u>	\$ 102,688	\$ (102,688)
Deficiency of Revenues and other Sources over Expenditures	\$ 0	\$ 0	\$ (23,496)	\$ (23,496)
Fund Balance-Beginning of Year	<u>23,496</u>	<u>23,496</u>	<u>23,496</u>	<u>0</u>
Fund Balance-End of Year	\$ <u>23,496</u>	\$ <u>23,496</u>	\$ <u>0</u>	\$ <u>23,496</u>

See independent auditor's report.

Red River Parish Port Commission
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended June 30, 2019

Agency Head Name: Stuart Shaw, Chairman

<u>Purpose</u>	<u>Amount</u>
Salary	\$0
Benefits-Insurance	0
Benefits-Retirement	0
Deferred Compensation	0
Benefits-Other	0
Car allowance	0
Vehicle provided by government	0
Cell phone	0
Dues	0
Vehicle rental	0
Per Diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Housing	0
Unvouchered expenses	0
Special meals	0
Other	<u>0</u>
Total	<u>\$0</u>

See independent auditor's report.

OTHER REPORTS/SCHEDULES

T | C | B | T

THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

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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*

To the Board of Commissioners
of the Red River Parish Port Commission

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 and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities and major funds as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Red River Parish Port Commission's (Commission) basic financial statements and have issued our report thereon dated September 27, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is shown as item 2019-001.

Red River Parish Port Commission's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Thomas, Cunningham, Broadway & Todtenbier, CPA's

September 27, 2019
Natchitoches, Louisiana

Red River Parish Port Commission
Schedule of Audit Findings
Year Ended June 30, 2019

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the Red River Parish Port Commission as of and for the year ended June 30, 2019.
2. The audit disclosed no material weaknesses in internal control.
3. The audit disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Compliance-

2019-001 *Compliance with Local Government Budget Act*

Criteria - Louisiana Revised Statute 39:1311 states that total actual revenues, expenditures, and other uses should not exceed total budgeted revenues, expenditures and other uses by more than 5%.

Condition - For the Construction Fund, actual expenditures exceeded budgeted expenditures by more than the 5% variance allowed. For the General Fund, actual revenue was less than budgeted revenues by more than the 5% variance allowed.

Effect - The budget cannot be used as an effective management tool to control expenditures.

Cause - The Red River Parish Port Commission did not amend the budget as required.

Recommendation - It is recommended that the Commission institute procedures to ensure the budget is reviewed and amended whenever actual revenues are less than budgeted revenues by more than 5% and/or actual expenditures are more than budgeted expenditures by more than the 5% allowed.

Management's Response - We will institute procedures to ensure that the budget is reviewed and amended whenever actual revenues are less than budgeted revenues by more than 5% and/or actual expenditures are more than budgeted expenditures by more than the 5% allowed.

III. PRIOR YEAR AUDIT FINDINGS

2018-001 *Compliance with Local Government Budget Act*

Condition - For the Construction Fund, actual expenditures exceeded budgeted expenditures by more than 5% variance allowed and the budget was not amended.

Status - The finding still exists as of June 30th, 2019. See 2019-001.

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

To the Board of Commissioners
of the Red River Parish Port Commission

We have performed the procedures enumerated below, which were agreed to by the Board of Commissioners of the Red River Parish Port Commission (the "Commission") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2019. The Commission 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 enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are enumerated below.

Written Policies and Procedures

1. We obtained and inspected the entity's written policies and procedures and observed whether those written policies and procedures address each of the following categories and subcategories (or noted that the entity does not have any written policies and procedures), as applicable:
 - **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - **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.
 - **Disbursements**, including processing, reviewing, and approving.
 - **Receipts**, 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.)

- **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- **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.
- **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

a) *Procedure Results - We noted no exceptions.*

Board (or Finance Committee, if applicable)

2. We obtained and inspected the board/committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent documents in effect during the fiscal period, and:
 - Observed 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.
 - Observed that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - For governmental entities, obtained the prior year audit report and observed the unrestricted fund balance in the General Fund. If the General Fund had a negative ending unrestricted fund balance in the prior year audit report, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the General Fund.

a) *Procedure Results - We noted one exception. The minutes do not reference or include budget-to-actual comparisons on the General Fund.*

Bank Reconciliations

3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We identified the entity's main operating account. We selected the entity's main operating account and randomly selected four additional accounts (or all if less than five). We randomly selected one month from the fiscal period, and obtained and inspected the corresponding bank statement and reconciliation for the selected accounts, and observed that:
- Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g. initialed and dated, electronically logged);
 - Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g. initialed and dated, electronically logged); and
 - Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.
- a) *Procedure Results - We noted no exceptions.*

Collections

4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. We randomly selected the required amount of deposit sites (up to five).
5. We obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site selected. We obtained and inspected written policies and procedures relating to employee job duties at each collection location, and observed that job duties were properly segregated at each collection location such that:
- Employees that are responsible for cash collections do not share cash drawers/registers.
 - Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

7. We randomly selected two deposit dates for each of the bank accounts selected for procedure #3 under “Bank Reconciliations” above. We obtained supporting documentation for each of the deposits selected and:
 - We observed that receipts are sequentially pre-numbered.
 - We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - We traced the deposit slip total to the actual deposit per the bank statement.
 - We observed 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).
 - We traced the actual deposit per the bank statement to the general ledger.
 - a) *Procedure Results - We noted two exceptions. The person responsible for collecting cash also makes bank deposits and reconciles cash collections to the general ledger.*

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

8. We obtained a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. We randomly selected the required amount of disbursement locations (up to five).
9. For each location selected under #8 above, we obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and we observed that job duties are properly segregated such that:
 - At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - At least two employees are involved in processing and approving payments to vendors.
 - 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.
 - 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.
10. For each location selected under #8 above, we obtained the entity’s non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management’s representation that the population is complete. We randomly selected 5 disbursements for each location, and obtained supporting documentation for each transaction and:
 - We observed that the disbursement matched the related original invoice/billing statement.

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

a) *Procedure Results - We noted no exceptions.*

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

11. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.
12. Using the listing prepared by management, we randomly selected the required amount of cards (up to five) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), and obtained supporting documentation, and:
 - We observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
 - We observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected the required amount transactions (up to ten) from each statement, and obtained supporting documentation for the transactions. For each transaction, we observed that it is supported by (1) an original itemized receipt that identified precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals.

a) *Procedure Results - Not applicable. The Commission had no credit, debit, fuel cards, etc.*

Travel and Expense Reimbursement

14. We obtained 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. We randomly selected five reimbursements, and obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
 - If reimbursed using a per diem, we agreed the reimbursement rate to those rates established by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

- We observed that each reimbursement was supported by documentation of the business/public purpose and other documentation required by written policy.
- We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

a) Procedure Results - Not applicable. The Commission had no travel reimbursements.

Contracts

15. We obtained 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. We obtained management's representation that the listing is complete. We randomly selected the required amount of contracts (up to five) from the listing, and:

- We observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- We observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- If the contract was amended (e.g. change order), we observed that the original contract terms provided for such an amendment.
- We randomly selected one payment from the fiscal period for each of the selected contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

a) Procedure Results - Not applicable. The Commission had no contracts.

Payroll and Personnel

16. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected five employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

17. We randomly selected one pay period during the fiscal period. For the five employees/officials selected under #16 above, we obtained attendance and leave documentation for the pay period, and:

- We observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
- We observed that supervisors approved the attendance and leave of the selected employees/officials.
- We observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

18. We obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. If applicable, we selected the two employees/officials, and obtained related documentation of the hours and pay rates used in management's termination payment calculations. If applicable, we agreed the hours to the employees/officials' cumulative leave records and the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. We obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.
- a) *Procedure Results - Not applicable. The Commission has no employees.*

Ethics

20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, we obtained ethics compliance documentation from management, and:
- We observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - We observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.
- a) *Procedure Results - We noted no exceptions.*

Debt Service (excluding nonprofits)

21. We obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. We selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
22. We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. We randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.
- a) *Procedure Results - Not applicable. The Commission has issued no debt.*

Other

23. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
- a) *Procedure Results - We noted no exceptions. Management represented that they are not aware of any misappropriations.*

24. We observed whether 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.

a) Procedure Results - We noted no exceptions.

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

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



Thomas, Cunningham, Broadway & Todtenbier, CPA's

September 27, 2019
Natchitoches, Louisiana

Red River Parish Port Commission
Management's Response to Exceptions to
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

MANAGEMENT'S RESPONSE TO EXCEPTIONS:

Item 2: Exception - The minutes of the Commission's meetings do not reference or include budget-to-actual comparisons on the General Fund.

Response - Management will ensure that minutes accurately reflect that a budget-to-actual comparison was reviewed during the monthly meetings.

Item 5: Exception - The person responsible for collecting cash also makes bank deposits and reconciles collections to the general ledger.

Response - The Commission has no employees and the Secretary Treasurer prepares all financial transactions for the Commission. All financial transactions are reviewed by the board at each monthly meeting. Management does not consider it feasible to segregate duties to this degree.