

West Calcasieu Port
Sulphur, Louisiana

Annual Financial Report
June 30, 2019 and 2018

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STEVEN M. DEROUEN & ASSOCIATES

Certified Public Accountants

2720 RUE DE JARDIN, STE. 300
P. O. BOX 4265
LAKE CHARLES, LA 70606
(337) 513-4915 OFFICE/ (337) 205-6927 FAX
steve@sclerouencpa.com

Member American Institute of
Certified Public Accountants

Member Louisiana Society of
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

West Calcasieu Port
Sulphur, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of West Calcasieu Port, component unit of Calcasieu Parish Police Jury, as of June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Calcasieu Port as of June 30, 2019 and 2018, and the respective 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.

Prior Period Financial Statements

The financial statements of West Calcasieu Port as of June 30, 2018, were audited by other auditors whose report dated December 16, 2018, expressed an unmodified opinion on those financial statements.

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 3 through 6, 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated November 8, 2019 on my consideration of West Calcasieu Port, Louisiana's internal control over financial reporting and my 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 my 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 West Calcasieu Port internal control over financial reporting and compliance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements of West Calcasieu Port. The Schedule of Compensation, Benefits and Other Payments is presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Compensation, Benefits and Other Payments is the responsibility of management and is derived from the underlying accounting and other records to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Steven M. DeRouen & Associates

Lake Charles, Louisiana

November 8, 2019

WEST CALCASIEU PORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2019

The Management's Discussion and Analysis of the West Calcasieu Port (the Airport) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended June 30, 2019. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements.

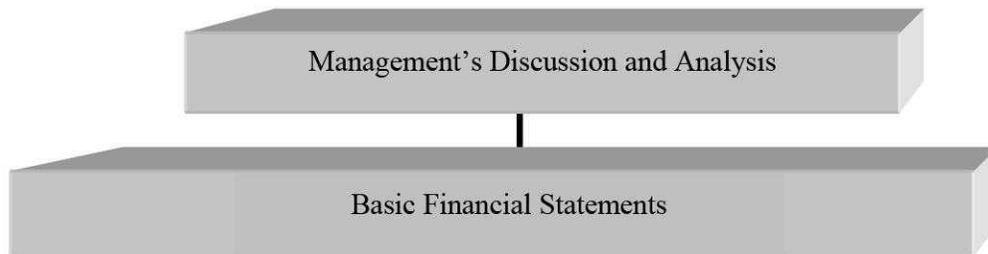
FINANCIAL HIGHLIGHTS

The Port's assets exceeded its liabilities at the close of 2019 by \$18,190,344 which represents an 12.6% increase from last fiscal year. Of this amount, \$7,296,818 (unrestricted net assets) may be used to meet the Port's ongoing obligations to its users.

The Port's operating revenue increased \$31,645 (or 3%) and the net results from operations decreased by \$423.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



These financial statements consist of two sections - Management's Discussion and Analysis (this section) and the basic financial statements (including the notes to the financial statements).

WEST CALCASIEU PORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2019

Basic Financial Statements

The basic financial statements present information for the Port as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position (pages 7 - 8) presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The Port's assets plus deferred outflows of resources minus their liabilities and deferred inflows of resources equals the net position. The net position of the Port may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Net Position (page 9) presents information showing how the Port's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statements (pages 10 - 11) presents information showing how the Port's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

	2019	2018	2017
Current assets and other assets	\$ 7,318,437	\$ 6,557,033	\$ 3,362,052
Capital assets	11,341,140	10,184,737	9,965,667
Total Assets	<u>18,659,577</u>	<u>16,741,770</u>	<u>13,327,719</u>
Current liabilities	24,233	41,258	24,557
Long-term debt outstanding	445,000	550,000	645,000
Total Liabilities	<u>469,233</u>	<u>210,908</u>	<u>669,557</u>
Net position:			
Capital Net of Debt	10,893,526	10,184,737	9,359,278
Unrestricted	<u>7,296,818</u>	<u>5,965,775</u>	<u>3,298,884</u>
Total Net Position	<u>\$ 18,190,344</u>	<u>\$16,150,512</u>	<u>\$12,658,162</u>

**WEST CALCASIEU PORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2019**

Restricted net position amounts represent those assets that are not available for spending as a result of bond agreements. Conversely, unrestricted net position amounts are those that do not have any limitations for which they may be used.

Net position of the Port increased by \$2,039,832, or 12.6%, from June 30, 2018 to June 30, 2019.

	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 938,533	\$ 906,888
Operating expenses	<u>657,277</u>	<u>625,209</u>
Operating income (loss)	281,256	281,679
Non-operating revenues	519,582	407,271
Non-operating expenses	<u>12,308</u>	<u>14,599</u>
Net Non-Operating Income/(Loss)	<u>507,274</u>	<u>392,672</u>
Income(Loss) Before Contributions	788,530	674,351
Capital Contributions	<u>1,251,302</u>	<u>26,767</u>
Change in Net Position	<u>\$ 2,039,832</u>	<u>\$ 701,118</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2019, the Port had \$11,341,140, net of accumulated depreciation, invested in capital assets, including land, building and other improvements. (see table below). This amount represents a net increase (including additions and deductions) of \$1,156,403, or 11.4%, from last year.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Land	\$ 1,755,725	\$1,755,725	\$ 1,755,725
Building and Terminal Improvements	13,381,555	11,572,898	9,520,810
Construction in progress	195,420	449,042	1,932,761
Less Accumulated Depreciation	<u>(3,991,560)</u>	<u>(3,592,938)</u>	<u>(3,206,893)</u>
Totals	<u>\$ 11,341,140</u>	<u>\$10,184,737</u>	<u>\$ 9,965,667</u>

Debt Administration

The 2013A series bond payable balance decreased by \$105,000 as principal paid on the bonds, decreasing balance from \$550,000 to \$445,000. The Port issued \$1,000,000 in Revenue Bonds, Series 2013A in April 2013, for capital infrastructure improvements.

**WEST CALCASIEU PORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2019**

ECONOMIC FACTORS AND FUTURE OUTLOOK

The following factors were considered in preparing the Port's budget for the coming fiscal year: Projected sales and rentals were budgeted at a slight increase over current period excluding additional bonus rentals. Expenses were budgeted at approximately the same as current period. The change in net position should remain positive.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Port's finances and to show the Port's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Darla B. Perry, CPA, West Calcasieu Port.

**West Calcasieu Port
Sulphur, Louisiana
Statements of Net Position
As of June 30,**

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 273,273	253,805
Investments	3,357,311	3,057,727
Restricted assets:		
Cash and cash equivalents - revenue bonds	39,936	40,553
Accounts receivable	46,138	44,205
Other receivables	28,212	-
Prepaid expenses	12,139	12,220
Total Current Assets	3,757,009	3,408,510
PROPERTY, PLANT, AND EQUIPMENT		
Building and terminal improvements	13,381,555	11,572,898
Less: accumulated depreciation and amortization	(3,991,560)	(3,592,928)
	9,389,995	7,979,970
Construction in progress	195,420	449,042
Land	1,755,725	1,755,725
Net Property, Plant, and Equipment	11,341,140	10,184,737
OTHER ASSETS		
Investment in joint venture	3,549,188	3,132,868
Utility Deposits	576	576
Intangible asset	51,209	51,209
Less accumulated amortization	(39,545)	(36,130)
Total Other Assets	3,561,428	3,148,523
TOTAL ASSETS	\$ 18,659,577	\$ 16,741,770

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

**West Calcasieu Port
Sulphur, Louisiana
Statements of Net Position (Continued)
As of June 30,**

	2019	2018
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 16,619	\$ 22,297
Prepaid revenue and deposits	5,000	15,730
Bond Interest Payable	2,614	3,231
Total Current Liabilities	24,233	41,258
CURRENT LIABILITIES (Payable from Restricted Assets)		
Due within one year - revenue bonds	105,000	105,000
Total Current Liabilities (Payable From Restricted Assets)	105,000	105,000
LONG-TERM LIABILITIES		
Revenue bonds payable	340,000	445,000
Total Long-Term Liabilities	340,000	445,000
TOTAL LIABILITIES	469,233	591,258
NET POSITION		
Net investment in capital assets	10,893,526	10,184,737
Unrestricted amounts	7,296,818	5,965,775
TOTAL NET POSITION	\$ 18,190,344	\$ 16,150,512

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

**West Calcasieu Port
Sulphur, Louisiana
Statements of Revenues, Expenses, and Changes in Net Position
For The Years Ended June 30, 2019
with Comparative Totals for June 30, 2018**

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Lease Revenue	\$ 920,301	\$ 882,065
Utility Revenue	18,232	24,823
Total Operating Revenues	<u>938,533</u>	<u>906,888</u>
OPERATING EXPENSES		
Advertising	2,933	3,271
Board per diem	10,500	11,300
Bank and bond service fees	177	8
Depreciation expense	438,434	386,035
Amortization Expense	3,414	3,414
Insurance	17,432	16,630
Professional fees	49,654	76,799
Recording fees	3,500	3,075
Port Director fees	86,143	80,117
Dues and subscriptions	8,220	10,609
Office expense	111	108
Other expense	-	62
Repairs and maintenance	23,975	15,580
Utilities	12,208	17,625
Storage expense	576	576
Total Operating Expenses	<u>657,277</u>	<u>625,209</u>
INCOME FROM OPERATIONS	<u>281,256</u>	<u>281,679</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	74,644	41,270
Loss on Disposition	(767)	-
Net income from Joint Venture	416,320	341,636
Other Income	29,385	24,365
Interest expense	(12,308)	(14,599)
Total Non-Operating Revenues	<u>507,274</u>	<u>392,672</u>
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	788,530	674,351
Capital Contributions	<u>1,251,302</u>	<u>26,767</u>
CHANGE IN NET POSITION	2,039,832	701,118
NET POSITION - BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	16,150,512	12,658,162
PRIOR PERIOD ADJUSTMENT - CORRECTION OF ERROR (NOTE 11)	<u>-</u>	<u>2,791,232</u>
NET POSITION - BEGINNING OF YEAR, AS RESTATED	16,150,512	15,449,394
NET POSITION - END OF YEAR	<u>\$ 18,190,344</u>	<u>\$ 16,150,512</u>

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

**West Calcasieu Port
Sulphur, Louisiana
Statements of Cash Flows
For The Years Ended June 30,**

	2019	2018
Cash Flows From Operating Activities:		
Receipts from customers and users	\$ 936,600	\$ 917,830
Payments to suppliers and others	(146,230)	(150,956)
Payments to Directors	(86,143)	(80,117)
Net Cash Provided (Used) by Operating Activities	704,227	686,757
Cash Flows From Investing Activities:		
Investment income	76,644	41,270
Purchase of investments	(299,584)	(316,163)
Net Cash Provided (Used) by Investing Activities	(222,940)	(274,893)
Cash Flows From Capital and Related Financing Activities:		
Payments for Building, Terminal Improvements and Construction in progress	(1,589,081)	(605,105)
Principal payments on bonds	(105,000)	(95,000)
Receipts of capital grant	1,223,090	26,767
Other	21,480	-
Interest expense	(12,925)	(15,158)
Net Cash Provided (Used) by Capital and Related Financing Activities	(462,436)	(688,496)
Cash Flows From Non-Capital and Related Financing Activities:		
Receipts of miscellaneous income	29,385	24,365
Net Increase (Decrease) in Cash	18,851	(252,267)
Cash and Cash Equivalents - Beginning of Year	294,358	546,625
Cash and Cash Equivalents - End of Year	\$ 313,209	\$ 294,358
Cash and Cash Equivalents:		
Cash - unrestricted	\$ 273,273	\$ 253,805
Cash - restricted	39,936	40,553
	\$ 313,209	\$ 294,358

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

**West Calcasieu Port
Sulphur, Louisiana
Statements of Cash Flows
For The Years Ended June 30,**

	2019	2018
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 281,256	\$ 281,679
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	438,434	386,035
Amortization	3,414	3,414
(Increase) decrease in receivables	(1,933)	(7,988)
(Increase) decrease in prepaid insurance	81	(842)
(Increase) decrease in utility deposit	-	7,200
Increase (decrease) in accounts payable and accrued interest	(6,295)	5,529
Increase (decrease) in prepaid revenue	(10,730)	11,730
	422,971	405,078
Total Adjustments		
	\$ 704,227	\$ 686,757
Net Cash Provided (Used) by Operating Activities		

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

West Calcasieu Port
Sulphur, Louisiana
Notes to Financial Statements
June 30, 2019 and 2018

Note 1 - Organization and Summary of Significant Accounting Policies

The West Calcasieu Port was created through Act No. 68 of the Louisiana Legislature of 1964. A board of five commissioners governs the District.

The accompanying financial statements of the Board have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units. The following is a summary of the more significant policies:

Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Commissioners. Control by or dependence on the Port was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility. The West Calcasieu Port is a component unit of the State of Louisiana.

Fund Accounting

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

Basis of Accounting

Basis of accounting refers to when revenues or expense are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement focus applied. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on statements of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

West Calcasieu Port
Sulphur, Louisiana
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

The Port distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the entity's principal ongoing operations. The principal operating revenues of the Port's enterprise fund are charges for rentals and barge storage fees. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Accounts Receivable

Receivables include amounts due from tenants for the use of Port facilities under rental agreements as well as from the sales of fuel and oil. All receivables are current and therefore due within one year. The Board does not record an allowance for uncollectible amounts due for receivables, as it uses the direct write-off method for any debts that are not collected.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Budgets and Budgetary Accounting

The Port adopts a budget annually for operating expenses. The budget is adopted under a basis consistent with GAAP, except that depreciation, certain capital expenses, revenues, non-operating income and certain non-operating expense items are not considered. The budget for the Port is not presented in these statements.

West Calcasieu Port
Sulphur, Louisiana
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Port considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Restricted Net Position

In the statement of net position, equity is classified as net position and displayed in three components:

1. Investment in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvements of those assets.
2. Restricted net position -net position with constraints placed on the use either by a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or b) law through constitutional provisions or enabling legislation.
3. Unrestricted – all other net position is reported in this category.

The Port typically uses restricted funds first, followed by any unassigned funds when expenditure is incurred for purposes for which amounts in either of these classifications could be used.

Risk Management

The Port is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice claims and judgments. Commercial insurance coverage is purchased for claims arising from such matters. The Port has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three years.

Environmental Matters

The Port is subject to laws and regulations relating to the protection of the environment. The Port's policy is to accrue environmental and clean up related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty the potential financial impact of the Port's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition or reported results of operations of the Board. At June 30, 2019, management is not aware of any liability resulting from environmental matters.

West Calcasieu Port
Sulphur, Louisiana
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

Note 2 -Cash and Investments

At June 30, 2019, the Port has deposits with financial institutions (book balances) as follows:

		<u>2019</u>
Cash		
	Demand Deposits	\$ 313,209
Investments		
	Louisiana Asset Management Pool	<u>3,357,311</u>
	Total Cash and Investments	<u>\$ 3,670,520</u>

These deposits are stated at cost, which approximates fair value. 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 fair value of the pledged securities plus federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging agent banks in holding or custodial banks that are mutually acceptable to both parties. At June 30, 2019, the Port had \$322,831 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance of \$299,558 and \$1,296,467 of pledged securities held by the custodial banks in the name of the fiscal agent banks (GASB category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 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 Por that the fiscal agent bank has failed to pay deposited funds upon demand.

Under state law, the Port may invest in United States bonds, treasury notes, or certificates. These are classified as investments. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer. The financial statements of the Louisiana Asset Management Pool, Inc. (LAMP) can be obtained by accessing their website.

Investments held at June 30, 2019 consist of \$3,357,311 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126 the investment in LAMP at June 30, 2019 is not categorized in the three risk categories provided by GASB Codification Section 150.126 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book ently form.

West Calcasieu Port
Sulphur, Louisiana
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

Note 2 -Cash and Investments (continued)

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. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U. S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

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

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 5 percent disclosure requirement.
- Interest rate risk: 2a7-like investment pools are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.
- Foreign currency risk: Not applicable to 2a7-like pools.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA -R.S. 33:2955 (A)(l)(h) which allows all municipalities, parishes, school boards, and any other political subdivision of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1 + commercial paper.

West Calcasieu Port
Sulphur, Louisiana
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

Note 2 - Deposits and Investments (continued)

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Note 3 - Fixed Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Land	\$ 1,755,725	\$ -0-	\$ -0-	\$ 1,755,725
Construction in Progress	449,042	-0-	254,073	195,420
Capital Assets Being Depreciated:				
Building & Terminal Improvements	11,572,898	1,877,437	68,780	11,944,209
Total Capital Assets being Depreciated	11,572,898	1,877,437	68,780	13,381,555
Less Accumulated Depreciation	3,592,928	438,434	39,802	3,991,560
Total Capital Assets Being Depreciated, Net of Depreciation	7,979,970	1,439,003	28,978	9,389,995
Total Capital Assets, Net	\$ 10,184,737	\$ 21,756	\$ 21,658	\$ 11,341,140

Note 4 - Board of Commissioners' Per Diem

Members of the Board of Commissioners are paid a per diem allowance for attending board meetings. The total expenses for meetings attended during the year ended June 30, 2019 are as follows:

	2019	2018
Dave Aguiard	\$ 1,500	\$ 2,300
Dick Kennison	2,500	2,300
Scott Foreman	1,700	2,100
Timothy J. Dougherty	2,500	2,100
Wilmer Dugas	2,300	2,500
Total	\$ 10,500	\$ 11,300

West Calcasieu Port
Sulphur, Louisiana
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

Note 5 - Bonds Payable

In 2013, the West Calcasieu Port issued \$1,000,000 Revenue Bonds, Series 2013 A; dated April 20, 2013; due in annual installments, including interest at 2.35%, of \$85,000 to \$120,000 through the year 2023.

The following is a summary of changes in long-term debt for the year ended June 30, 2019:

Description	Amount of Original Issue	Maturity	Interest Rate	Balance 6/30/2018	Retired 6/30/2019	Balance 6/30/2019
2013 A	\$1,000,000	2033	2.35%	\$550,000	\$105,000	\$445,000

The annual debt service requirements to maturity for the 2013 A bond series as of June 30, 2019:

Year ending June 30,	Bond Principal	Bond Interest
2020	\$ 105,000	\$ 10,456
2021	110,000	7,990
2022	110,000	4,113
2023	120,000	2,820
	<u>\$ 445,000</u>	<u>\$ 25,379</u>

Note 6 - Restricted Assets

Restricted assets consist of cash from the issuance of the Port's revenue bonds. The balance at June 30, 2019 was \$39,936.

Note 7 - Major Customer

Rentals/barge storage fees from one major customer were approximately 59% of total rentals/barge storage fee income for the year ended June 30, 2019. The amount due from this customer, included in trade receivables, was \$46,138 or 100%.

Note 8 - Construction Commitments

The Port has two active construction commitments as of June 30, 2019. New bulkhead with costs incurred as of June 30, 2019 of \$115,119 and expected cost of \$3,335,000. Dredging of west barge basin with costs incurred as of June 30, 2019 of \$80,301 and expected costs of \$1,534,440.

Note 9 - Intangible Asset

The Port incurred costs of \$51,209 for a strategic plan project that was conducted for the entity during the year ended June 30, 2009. The cost is amortized over a 15 year period. Amortization expense for the year ended June 30, 2019 is \$3,414.

West Calcasieu Port
Sulphur, Louisiana
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

Note 10 - Investment in Joint Venture

On February 1, 2000, the Calcasieu Parish Police Jury, the West Calcasieu Port, Harbor, and Terminal District and the Industrial Development Board of the City of Sulphur entered into an amended joint service agreement with the West Calcasieu Airport Managing Board as to the development and operations of the West Calcasieu Airport Managing Board (Airport). The Port owns 50.84% of the Airport. Total assets of the Airport were \$7,202,296 and \$6,372,945, and total liabilities were \$221,400 and \$210,908 as of June 30, 2019 and 2018, respectively. The Net Position of the Board increased \$316,079 for year ending June 30, 2019 and increased \$671,963 for the year ending June 30, 2018. The investment is accounted for using the equity method. Financial statements can be obtained by contacting the Board's accountant.

Note 11 - Prior Period Adjustment

During the fiscal year ended June 30, 2019, the Port discovered that the investment in the joint venture of the West Calcasieu Airport Managing Board was not recorded. The correction of this error increased the beginning net position previously reported as of June 30, 2017 by \$2,791,232 and required a restatement of the fiscal year June 30, 2018 as reflected in the Statement of Revenues, Expenses, and Changes in Net Position.

Note 12 - Subsequent Events

Subsequent events were evaluated through November 8, 2019, which is the date the financial statements were available to be issued.

STEVEN M. DEROUEN & ASSOCIATES

Certified Public Accountants

2720 RUE DE JARDIN, STE. 300
P. O. BOX 4265
LAKE CHARLES, LA 70606
(337) 513-4915 OFFICE/ (337) 205-6927 FAX
steve@sderouencpa.com

Member American Institute of
Certified Public Accountants

Member Louisiana Society of
Certified Public Accountants

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
West Calcasieu Port
Sulphur, Louisiana

I have audited 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, the financial statements of West Calcasieu Port as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise West Calcasieu Port Louisiana's basic financial statements, and have issued my report thereon dated November 8, 2019.

Internal Control Over Financial Reporting

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

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

Board of Commissioners
West Calcasieu Port

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Calcasieu Port Louisiana's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
November 8, 2019

West Calcasieu Port
Sulphur, Louisiana
Schedule of Findings and Responses
June 30, 2019

A. Summary of Independent Auditor's Results:

1. Unqualified opinion on financial statements.
2. No material weaknesses or significant deficiencies in internal control noted.
3. No instances of non-compliance noted.

B. GAGAS Findings:

None.

C. Prior Year Findings:

None

West Calcasieu Port
Sulphur, Louisiana

**Schedule of Compensation, Benefits and Other
Payments to the President of the Board of Commissioners**

Year Ended June 30, 2019

Agency Head: Lynn Hohensee, Executive Director

Purpose	Amount
Salary (contract fee)	\$70,769
Benefits-insurance	0.00
Benefits-retirement	0.00
Benefits-Other	0.00
Car allowance	0.00
Vehicle provided by government	0.00
Per diem	0.00
Reimbursements	15,374
Travel	0.00
Registration fees	0.00
Conference travel	0.00
Continuing professional education fees	0.00
Housing	0.00
Unvouchered expenses	0.00
Special meals	0.00

Note: This schedule is included as supplementary information.

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AGREED-UPON PROCEDURES REPORT

WEST CALCASIEU PORT

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

FOR THE PERIOD OF JULY 1, 2018 THROUGH JUNE 30, 2019

To the Board of Commissioners and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the West Calcasieu Port 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 period July 1, 2018 through June 30, 2019. 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, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):¹
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
 - h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
 - i) ***Ethics***², including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
 - j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

¹ For governmental organization, the practitioner may eliminate those categories and subcategories that do not apply to the organization's operations. For quasi-public organizations, including non-profits, the practitioner may eliminate those categories and subcategories that do not apply to public funds administered by the quasi-public.

² The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the non-profit should have written policies and procedures relating to ethics.

- k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The Port does not have a Disaster Recovery/Business Continuity policy. The Board will adopt a policy to address this function.

Board or Finance Committee³

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.⁴ *Alternately, 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.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

As the Port did not have an exception in this AUP category in prior year, this procedure was not tested in year 3.

Bank Reconciliations

³ These procedures are not applicable to entities managed by a single elected official, such as sheriff or assessor.

⁴ Major funds are defined under GASB standards. The related procedure addresses major funds as a way to verify that boards are provided with financial information necessary to make informed decisions about significant entity operations, including proprietary operations that are not required to be budgeted under the LGBA.

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts⁵ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

As the Port did not have an exception in this AUP category in prior year, this procedure was not tested in year 3.

Collections (excluding EFTs)⁶

4. Obtain a listing of deposit sites⁷ for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations⁸ and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

⁵ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

⁶ The Collections category is not required to be tested if the entity has a third party contractor performing all collection functions (i.e., receiving collections, preparing deposits, and making deposits).

⁷ A deposit site is a physical location where a deposit is prepared and reconciled.

⁸ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day)⁹. *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

As the Port did not have an exception in this AUP category in prior year, this procedure was not tested in year 3.

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

8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures

⁹ If “bank reconciliations” have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for bank reconciliations.

relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.)]

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

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

As the Port did not have an exception in this AUP category in prior year, this procedure was not tested in year 3.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards¹⁰. Obtain management's representation that the listing is complete.

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

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or

¹⁰ Including credit cards used by school staff for either school operations or student activity fund operations.

electronically approved), 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.]]

b) Observe 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, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing)¹¹. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

As the Port did not have an exception in this AUP category in prior year, this procedure was not tested in year 3.

Travel and Travel-Related Expense Reimbursements¹² (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

¹¹ For example, if 3 of the 5 cards selected were fuel cards, only 10 transactions would be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #12 were fuel cards, Procedure #13 would not be applicable.

¹² Non-travel reimbursements are not required to be tested under this category.

As the Port did not have an exception in this AUP category in prior year, this procedure was not tested in year 3.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law¹³ (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.
As the Port did not have an exception in this AUP category in prior year, this procedure was not tested in year 3.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

¹³ If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

As the Port did not have an exception in this AUP category in prior year, this procedure was not tested in year 3.

Ethics¹⁴

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above¹⁵, obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

As the Port did not have an exception in this AUP category in prior year, this procedure was not tested in year 3.

Debt Service¹⁶

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain

¹⁴ The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the procedures should be performed.

¹⁵ If "payroll and personnel" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for payroll and personnel.

¹⁶ This AUP category is generally not applicable to non-profit entities; however, if applicable, the procedures should be performed.

supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

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

As the Port did not have an exception in this AUP category in prior year, this procedure was not tested in year 3.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises¹⁷ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.¹⁸

As the Port did not have an exception in this AUP category in prior year, this procedure was not tested in year 3.

¹⁷ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

¹⁸ This notice is available for download or print at www.la.gov/hotline.

I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my 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.

Steven M. DeRouen & Associates

November 8, 2019
Lake Charles, Louisiana