

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
CAMERON, LOUISIANA

ANNUAL FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

Year Ended December 31, 2018

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CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT

Management's Discussion and Analysis

Within this section of the Cameron Parish Port, Harbor and Terminal District's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2018. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities by \$590,524 (net position) for the fiscal year reported.
- Total revenues of \$522,997 were in excess of total expenses of \$290,692, which resulted in a current year excess of \$232,305, compared to prior year excess of \$107,490.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$16,069 represents property, construction in progress and equipment, net of accumulated depreciation, and is reduced for outstanding debt related to the purchase of capital assets.
 - (2) Unrestricted net position of \$574,455 represents the portion available to maintain the District's continuing obligations to taxpayers and creditors.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT

Management's Discussion and Analysis (Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference 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 District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base, or the condition of District infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole.

The District has one kind of fund:

Governmental fund is reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental fund. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT

Management's Discussion and Analysis (Continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain supplemental information concerning the District's budget presentation. A budgetary comparison schedule is included as "supplemental information" for the governmental fund. This schedule demonstrates compliance with the District's adopted budget.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District as a whole.

The District's net position at fiscal year-end is \$590,524. The following table provides a summary of the District's net position:

	<u>2018</u>	<u>2017</u>
Assets:		
Current assets	\$ 578,684	\$ 349,138
Capital assets	16,069	13,242
Net pension asset	218	-
Total assets	<u>\$ 594,971</u>	<u>\$ 362,380</u>
Deferred outflows of resources	<u>\$ 562</u>	<u>\$ -</u>
Liabilities:		
Current liabilities	<u>\$ 4,161</u>	<u>\$ 4,161</u>
Deferred inflows of resources	<u>\$ 848</u>	<u>\$ -</u>
Net position:		
Net investment in capital assets	\$ 16,069	\$ 13,242
Unrestricted	<u>574,455</u>	<u>344,977</u>
Total net position	<u>\$ 590,524</u>	<u>\$ 358,219</u>

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT

Management's Discussion and Analysis (Continued)

Net position increased by \$243,115 for the current year.

The following table provides a summary of the District's changes in net position:

	<u>2018</u>	<u>2017</u>
Revenues	\$ 522,997	\$ 215,833
Expenses	<u>290,692</u>	<u>108,343</u>
Change in Net position	232,305	107,490
Beginning Net position	<u>358,219</u>	<u>250,729</u>
Ending Net position	<u>\$ 590,524</u>	<u>\$ 358,219</u>

BUDGETARY HIGHLIGHTS

The Governmental Fund – The budgeted revenues were more than the actual by \$209,721. The budgeted expenditures were less than the actual by \$194,811. These variances are mainly due to intergovernmental revenue and salaries (on-behalf payments).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The District's investment in capital assets, net of accumulated depreciation as of December 31, 2018, was \$16,069. See Note B for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	<u>2018</u>	<u>2017</u>
Non-depreciable assets:		
Land – 159 acres	\$ -	\$ -
Depreciable assets:		
Transportation equipment	<u>19,998</u>	<u>33,532</u>
Total depreciable assets	19,998	33,532
Less accumulated depreciation	<u>3,929</u>	<u>20,290</u>
Book value-all depreciable assets	<u>\$ 16,069</u>	<u>\$ 13,242</u>
Percent depreciated	20%	61%
Book value-all assets	<u>\$ 16,069</u>	<u>\$ 13,242</u>

Long-term debt

At the end of the fiscal year, the District had no debt.

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT

Management's Discussion and Analysis (Continued)

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the administrator, Tunie Dunaway, P.O. Box 1271, Cameron, LA 70631.

GRAGSON, CASIDAY & GUILLORY, LLP

Certified Public Accountants

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BLAKE MANUEL, C.P.A.

INDEPENDENT AUDITORS' REPORT

May 16, 2019

Board of Commissioners
Cameron Parish Port, Harbor and Terminal District
Cameron, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Cameron Parish Port, Harbor and Terminal District, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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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 the major fund of the Cameron Parish Port, Harbor and Terminal District, as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary schedules and the pension schedules on pages 3 through 7 and 35 through 37, respectively 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted principally 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 Cameron Parish Port, Harbor and Terminal District's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is presented on page 39 for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer 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 prepared the basic financial statements, or the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is 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 May 16, 2019, on our consideration of the Cameron Parish Port, Harbor and Terminal District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cameron Parish Port, Harbor and Terminal District's internal control over financial reporting and compliance.

Gragson, Casiday & Guillory

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
Cameron, Louisiana

Statement of Net Position

December 31, 2018

ASSETS	
Cash	\$ 578,684
Capital assets, net of accumulated depreciation	16,069
Net pension asset	218
Total assets	<u>\$ 594,971</u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u>\$ 562</u>
LIABILITIES	
Accounts payable	\$ -
Due to Cameron Parish Police Jury	4,161
Total liabilities	<u>\$ 4,161</u>
DEFERRED INFLOWS OF RESOURCES	
	<u>\$ 848</u>
NET POSITION	
Net investment in capital assets	\$ 16,069
Unrestricted	574,455
Total net position	<u>\$ 590,524</u>

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

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
Cameron, Louisiana

Statement of Activities

Year Ended December 31, 2018

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenues (Expenses) and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities: General government	\$ 290,692	\$ 19,026	\$ 503,697	\$ 232,031
		General Revenues:		
		Interest income		274
		Total General Revenues		<u>274</u>
		Change in Net Position		<u>232,305</u>
		Net Position, beginning		<u>358,219</u>
		Net Position, ending		<u>\$ 590,524</u>

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

FUND FINANCIAL STATEMENTS

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
Cameron, Louisiana

Balance Sheet - Governmental Fund

December 31, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 578,684	\$ 349,138
TOTAL ASSETS	<u>\$ 578,684</u>	<u>\$ 349,138</u>
LIABILITIES		
Accounts payable	\$ -	\$ -
Due to Cameron Parish Police Jury	4,161	4,161
Total liabilities	<u>4,161</u>	<u>4,161</u>
FUND EQUITY		
Fund balance - unassigned	<u>574,523</u>	<u>344,977</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 578,684</u>	<u>\$ 349,138</u>

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

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
Cameron, Louisiana

Reconciliation of the Balance Sheet-Governmental Fund to the
Statement of Net Position

December 31, 2018

Total fund balance for governmental fund at December 31, 2018		\$	574,523
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:			
Land	\$	-	
Capital assets, net of \$3,929 accumulated depreciation		<u>16,069</u>	16,069
Deferred outflows and inflows for pension resources are not financial resources or currently payable:			
Deferred inflows related to pension		(848)	
Deferred outflows related to pension		<u>562</u>	(286)
Long-term asset which is not included as an asset in the governmental fund type balance sheet:			
Net pension asset			<u>218</u>
Total net position of governmental activities at December 31, 2018		\$	<u><u>590,524</u></u>

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

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
Cameron, Louisiana

Statement of Revenues, Expenditures and
Changes in Fund Balance - Governmental Fund

Year Ended December 31, 2018

	2018	2017
REVENUES		
Economic development	\$ 294,000	\$ 196,000
Lease income	19,026	19,530
Interest	274	303
Intergovernmental revenue	209,697	-
TOTAL REVENUES	522,997	215,833
EXPENDITURES		
General Government		
Bank charges	4,719	665
Dues	19,853	16,400
Fuel	2,628	2,802
Filing fees	5,564	1,392
Professional fees	6,051	45,901
Rent	19,026	19,530
Repairs and maintenance	6,506	5,830
Salaries and benefits	212,514	-
Supplies	2,881	3,538
Telephone	3,361	3,330
Travel	1,836	2,959
Capital Outlay	8,512	-
TOTAL EXPENDITURES	293,451	102,347
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	229,546	113,486
FUND BALANCE - BEGINNING	344,977	231,491
FUND BALANCE - ENDING	\$ 574,523	\$ 344,977

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

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
Cameron, Louisiana

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance-Governmental Fund to the Statement of Activities

Year Ended December 31, 2018

Total net changes in fund balance at December 31, 2018 per Statement of Revenues, Expenditures and Changes in Fund Balance		\$	229,546
The change in net position reported for governmental activities in the statement of activities different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance		\$	8,512
Depreciation expense for the year ended December 31, 2018			<u>(5,685)</u>
			2,827
Net pension expense is reported in the governmental funds as well as expenditures as they are paid, however, in the statement of activities the net position expense is reported according to estimates required by GASB 68:			
Pension expense per GASB 68			<u>(68)</u>
Total changes in net position at December 31, 2018 per Statement of Activities		\$	<u>232,305</u>

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

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
Cameron, Louisiana

Notes to Basic Financial Statements

December 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cameron Parish Port, Harbor and Terminal District was created under Louisiana Revised Statute 34:2501. The District has all the rights, privileges and immunities granted to corporations in Louisiana. The District is governed by a five-member board of commissioners who are appointed by the Cameron Parish Police Jury and who serve without compensation. The board of commissioners has the power to regulate the commerce and traffic of the District in such a manner as will be in the best interest of the state.

1. Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Cameron Parish Port, Harbor and Terminal District includes all funds, account groups, et cetera, that are within the oversight responsibility of the Cameron Parish Port, Harbor and Terminal District.

As the governing authority, for reporting purposes, the Cameron Parish Police Jury is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Cameron Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

Continued

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
Cameron, Louisiana

Notes to Basic Financial Statements

December 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
 - a. The ability of the Cameron Parish Police Jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Cameron Parish Police Jury.
2. Organizations for which the Cameron Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Cameron Parish Police Jury.
3. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature of significance of the relationship.

Based upon the application of these criteria, Cameron Parish Port, Harbor and Terminal District is a component unit of the Cameron Parish Police Jury's reporting entity.

2. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999.

Government-Wide Financial Statements

The Statement of Net position and the Statement of Activities display information about the District as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Continued

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
Cameron, Louisiana

Notes to Basic Financial Statements

December 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The Statement of Activities presents a comparison between direct expenses and program revenues for each of the functions of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges paid by the recipients of services offered by the District; and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

The District has one fund, the General Fund, which is therefore considered its major fund.

3. Measurement Focus/Basis of Accounting

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

Measurement Focus

On the government-wide statement of net position and the statement of activities, the activities are presented using the economic resources measurement focus. In the fund financial statements, the "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Continued

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
Cameron, Louisiana

Notes to Basic Financial Statements

December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Accounting

In the government-wide statement of net position and statement of activities, the activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

4. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At December 31, 2018, the District had \$579,109 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance, and \$329,109 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Continued

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
Cameron, Louisiana

Notes to Basic Financial Statements

December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Budget

A budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year-end.

On or before the last meeting of each year, the budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The Board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

6. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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.

Land of the District, approximately 159 acres, is valued at zero cost. Depreciation of each class of depreciable property is computed using the straight-line method. Estimated useful lives are as follows:

Transportation equipment	5 years
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Continued

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
Cameron, Louisiana

Notes to Basic Financial Statements

December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

7. Estimates

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

8. Equity Classification

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

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as assigned and unassigned.

- a. Assigned fund balance – Includes fund balance amounts that are intended to be used for specific purposes based on internal (Board) actions.
- b. Unassigned fund balance – Includes positive fund balance within the general fund which has not been classified within the above mentioned categories.

Continued

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
Cameron, Louisiana

Notes to Basic Financial Statements

December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, expenditures are to be spent from restricted fund balance first and then unrestricted. Expenditures incurred in the unrestricted fund balance shall be reduced first from the committed fund balance, then from the assigned fund balance and finally, the unassigned fund balance.

9. Subsequent Events

Management has evaluated subsequent events through May 16, 2019, the date the financial statements were available to be issued.

10. Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

NOTE B – CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2018 follows:

	<u>Beginning Of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Governmental activities:				
Land	\$ -	\$ -	\$ -	\$ -
Transportation equipment	<u>33,532</u>	<u>16,448</u>	<u>(29,982)</u>	<u>19,998</u>
	33,532	16,448	(29,982)	19,998
Less accumulated depreciation	<u>20,290</u>	<u>5,685</u>	<u>(22,046)</u>	<u>3,929</u>
TOTALS	<u>\$ 13,242</u>	<u>\$ 10,763</u>	<u>\$ (7,936)</u>	<u>\$ 16,069</u>

Depreciation expense was \$5,685 for the year ended December 31, 2018. In 2018, a Chevrolet Silverado was traded-in for a Ford Explorer.

The land is approximately 159 acres which was acquired by the District from the U.S. Department of Interior on December 2, 1993 through a quitclaim deed.

Continued

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
Cameron, Louisiana

Notes to Basic Financial Statements

December 31, 2018

NOTE C – RISK MANAGEMENT

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

NOTE D – COOPERATIVE ENDEAVOR AGREEMENT

On May 1, 2016, the District signed an agreement with the Cameron Parish Police Jury (Police Jury) which commenced on the date of the agreement and will end on May 31, 2019. During this term, the Police Jury will fund the economic development of the port system and waterways of Cameron Parish through an annual appropriation to the District. The Police Jury is to pay the District an amount not to exceed \$271,000 annually for three years. No amount was paid in the twelve months ended December 31, 2018. The District will use the funds received from the Police Jury for economic development, improvements, infrastructures, operations related to, and in conjunction with, its authority as provided in R.S. 34:2551 et. seq.

NOTE E – LEASE AGREEMENTS

The District has entered into a ground lease with Henry, Henry & Martin, LLC, and The James Henry Company (the Lessors) for the lease of the land on which the CDBG project is to be constructed. The initial term of this lease shall be for a period beginning on June 30, 2011 and ending on September 30, 2043, unless sooner terminated. The District is given the option to renew the lease for two additional periods of five years each. The lease payments shall be \$18,000 per year through October 1, 2013. Every five years for the term of the lease beginning October 1, 2013, the lease payments shall be adjusted in accordance with changes in the price index. The Lessors shall also receive twenty-five percent of any income earned in excess of \$25,000 by the District from the subleases of the property. A total of \$19,026 was paid for the year ended December 31, 2018.

Continued

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
Cameron, Louisiana

Notes to Basic Financial Statements

December 31, 2018

NOTE E – LEASE AGREEMENTS – CONTINUED

The District has entered into a sublease agreement with Cameron Fisheries, LLC for the above leased "Henry" property. The terms of the sublease are consistent with the terms of the ground lease. The lease payments made by Cameron Fisheries, LLC to the District for subletting the land are also consistent with the lease payments made by the District for the lease of the land.

NOTE F – DUE TO OTHER AGENCIES

At December 31, 2018, the District owed the Cameron Parish Police Jury \$4,161, payable on demand.

NOTE G – ON-BEHALF PAYMENTS

Included in intergovernmental revenue is \$209,697 of wages and benefits paid to District employees by the Cameron Parish Police Jury. These wages and benefits are included as expenditures on the District's statement of revenue, expenditures, and changes in fund balances. These benefits include pension payments made to the Parochial Employees' Retirement System by the Cameron Parish Police Jury.

NOTE H - RETIREMENT COMMITMENTS

The District participates in a state-administered cost-sharing multiple-employer retirement systems, which together cover substantially all of the District's full-time employees. Although separately administered by their respective boards of trustees, these systems are established and regulated by acts of the Louisiana Legislature with respect to membership and contribution requirements, plan benefits, and actuarial determination of funding requirements as provided by the state constitution. Additional disclosures with respect to the District's participation in these systems are provided below.

Parochial Employees' Retirement System

The System is composed of two distinct plans, Plan A and Plan B with separate assets and benefit provisions. Employees of the District are members of Plan A. Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least twenty-eight hours per week and not participating in another public funded retirement system. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the system. Under Plan A, employees hired prior to

Continued

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
Cameron, Louisiana

Notes to Financial Statements

December 31, 2018

NOTE H - RETIREMENT COMMITMENTS - CONTINUED

January 1, 2007 can retire at any age with 30 or more years of creditable service, age 55 with 25 years of creditable service, age 60 with 10 years of creditable service, or age 65 with 7 years of creditable service. Employees hired after January 1, 2007 can retire at age 55 with 30 or more years of creditable service, age 62 with 10 years of creditable service, or age 67 with 7 years of creditable service. Retirees are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final average compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or jointed months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Parochial Employees' Retirement System of Louisiana issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, LA 70898.

Plan members are required to contribute 9.35% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 12.5% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the System's Board of Trustees. The District's contributions to the System for the year ended December 31, 2018 totaled \$287.

At December 31, 2018, the District reported a asset of \$218 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to their pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2018, the District's proportion was .0002937%.

For the year ended December 31, 2018, the District recognized pension expense of \$68 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$248. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Continued

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
Cameron, Louisiana

Notes to Financial Statements

December 31, 2018

NOTE H - RETIREMENT COMMITMENTS – CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 141
Difference between expected and actual assumption	275	
Difference between expected and actual Investment		504
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	-	203
Contributions subsequent to the measurement date	287	-
Total	\$ 562	\$ 848

\$287 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other accounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2019	\$ 80
2020	15
2021	(121)
2022	(150)
2023	-
Thereafter	-

Actuarial methods and assumption. The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Continued

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
Cameron, Louisiana

Notes to Financial Statements

December 31, 2018

NOTE H - RETIREMENT COMMITMENTS – CONTINUED

Valuation Date	December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.75% (Net of investment expense)
Expected Remaining Service Lives	4 years
Projected Salary Increases	Plan A – 5.25% (2.75% Merit/2.50% Inflation)
Cost of Living Adjustments	The present values of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet amortized by the Board of Trustees.
Mortality	RP-2000 Employee Sex Distinct Table was selected for active members. RP-2000 Health Annuitant Sex Distinct Table was selected for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

The discount rate used to measure the total pension liability was 6.75% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Continued

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
Cameron, Louisiana

Notes to Financial Statements

December 31, 2018

NOTE H - RETIREMENT COMMITMENTS – CONTINUED

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations and projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.62% for the year ended December 31, 2017.

Best estimates of arithmetic real rates of return for major asset class included in the System's target asset allocation as of December 31, 2017 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed income	35%	1.24%
Equity	52%	3.57%
Alternatives	11%	0.69%
Real assets	2%	0.12%
Total	100%	5.62%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.62%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

Continued

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
Cameron, Louisiana

Notes to Financial Statements

December 31, 2018

NOTE H - RETIREMENT COMMITMENTS – CONTINUED

Sensitivity to changes in discount rate. The following presents the net pension liability of the District calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.00% or one percentage point higher 8.00% than the current rate.

	Changes in Discount Rate		
	1%	Current	1%
	Decrease 5.75%	Discount Rate 6.75%	Increase 7.75%
Net Pension Liability (Asset)	\$ 1,075	\$ (218)	\$ (1,310)

REQUIRED SUPPLEMENTAL INFORMATION

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
Cameron, Louisiana

Budgetary Comparison Schedule - General Fund

Year Ended December 31, 2018

	BUDGET		ACTUAL	VARIANCE
	Original	Final		FAVORABLE (UNFAVORABLE)
REVENUES				
Economic development	\$ 240,000	\$ 294,000	\$ 294,000	\$ -
Lease income	69,168	19,026	19,026	-
Interest	280	250	274	24
Intergovernmental revenue	-	-	209,697	209,697
TOTAL REVENUES	309,448	313,276	522,997	209,721
EXPENDITURES				
General Government				
Bank charges	3,700	5,000	4,719	281
Dues	22,000	23,000	19,853	3,147
Fuel	4,000	4,000	2,628	1,372
Filing fees	4,500	6,000	5,564	436
Professional fees	28,000	10,000	6,051	3,949
Rent	19,170	19,026	19,026	-
Repairs and maintenance	6,000	17,000	6,506	10,494
Salaries and benefits	-	3,000	212,514	(209,514)
Supplies	4,000	4,000	2,881	1,119
Telephone	3,600	3,600	3,361	239
Travel	5,000	4,014	1,836	2,178
Capital Outlay	-	-	8,512	(8,512)
TOTAL EXPENDITURES	99,970	98,640	293,451	(194,811)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	209,478	214,636	229,546	14,910
FUND BALANCE - BEGINNING	344,977	344,977	344,977	-
FUND BALANCE - ENDING	\$ 554,455	\$ 559,613	\$ 574,523	\$ 14,910

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
Cameron, Louisiana

Schedule of Employer's Proportionate Share of Net Pension Liability

Year Ended December 31, 2018

Parochical Employees' Retirement System of Louisiana

	<u>December 31, 2018</u>
Employer's portion of the net pension liability (asset)	0.00029%
Employer's proportionate share of the net pension liability (asset)	\$ (218)
Employer's covered payroll	\$ 2,494
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-8.74%
Plan fiduciary net position as a percentage of the total pension liability	101.98%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

*The amounts presented have a measurement date of December 31, 2017.

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
Cameron, Louisiana

Schedule of Employer Contributions

Year Ended December 31, 2018

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
Municipal Employees Retirement System of Louisiana (System):					
2018	\$ 287	\$ 287	\$ -	\$ 2,494	11.5%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

OTHER INFORMATION

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT
Cameron, Louisiana

Schedule of Compensation, Benefits and Other Payments
to Chief Executive Officer

Year Ended December 31, 2018

Chief Executive Officer: Clair Hebert Marceaux

Salary	\$	-
Benefits-insurance		-
Benefits-retirement		-
Benefits-cell phone		-
Car allowance		-
Vehicle provided by government		-
Per diem		-
Reimbursements-mileage		2,628
Reimbursements-meals		1,357
Travel		3,835
Registration fees		1,200
Conference travel		-
Housing		-
Unvouchered expenses		-
Special meals		-
Other		-

GRAGSON, CASIDAY & GUILLORY, LLP

Certified Public Accountants

RAYMOND GUILLORY, JR., C.P.A.
COY T. VINCENT, C.P.A.
MICHELLE LEE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.
GRAHAM A. PORTUS, E.A.
KATHRYN BLESSINGTON, C.P.A.
JACKLYN BARLOW, C.P.A.
BRIAN MCCAIN, C.P.A.
BLAKE MANUEL, C.P.A.

INDEPENDENT AUDITORS' 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

May 16, 2019

The Board of Commissioners
Cameron Parish Port, Harbor and Terminal District
Cameron, Louisiana

We 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 the governmental activities of Cameron Parish Port, Harbor and Terminal District, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Cameron Parish Port, Harbor and Terminal District's basic financial statements, and have issued our report thereon dated May 16, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies.

Compliance and Other Matters

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

The Cameron Parish Port, Harbor and Terminal District's Response to Findings

The Cameron Parish Port, Harbor and Terminal District's response to the findings identified in our audit is described in the accompanying findings and responses. The Cameron Parish Port, Harbor and Terminal District's response was not subjected to the auditing procedures in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of This Report

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



CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT

Schedule of Findings and Responses

Year Ended December 31, 2018

I - Summary of Auditors' Results

Auditor issued an unmodified opinion on the financial statements.

Internal control over financial reporting:

- Material weaknesses(es) identified? ___ yes X no
- Control deficiencies identified that are
not considered to be material weakness(es)? X yes ___ none reported
- Noncompliance material to financial
statements noted? ___ yes X no

II - Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

Finding #2018-001:

Inadequate Segregation of Duties

Condition: Because of the small size of the District's office staff, the opportunity for segregation of duties is limited. Effective internal control requires adequate segregation of duties among entity personnel.

Effect: Without proper segregation of duties, misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Management Response/Corrective Action Planned: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve appropriate segregation of duties. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, review listings of revenue received and review of bank reconciliations on a monthly basis.

CAMERON PARISH PORT, HARBOR AND TERMINAL DISTRICT

Schedule of Findings and Responses - Continued

Year Ended December 31, 2018

Finding #2018-002:

Budgetary Authority and Control

Condition: Inadequate budgeting procedures resulted in the general fund expenditures being over budget by 5% or more.

Criteria: Inadequate budgeting procedures.

Effect: Violation of Louisiana Revised Statute 39:1310.

Recommendation: The District should review actual revenues and expenditures on an interim basis and amend the budget if necessary.

Corrective Action Planned/ Management Response: The District agrees with the finding and will implement the recommendations. The budget noncompliance is a direct result of reporting on-behalf payments of salaries from the Cameron Parish Police Jury.

III – Findings and Questioned Costs for Federal Awards

- N/A

IV – Prior Year Findings

None.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Cameron Parish Port, Harbor & Terminal District
Cameron, Louisiana

May 16, 2019

We have performed the procedures included enumerated below, which were agreed to by the Cameron Parish Port, Harbor & Terminal District 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 year January 1, 2018 through December 31, 2018. The District's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations)
 - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.
The District does not have a complete written policies and procedures manual.
 - 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.
The District does not have a complete written policies and procedures manual.
 - c) *Disbursements*, including processing, reviewing, and approving.
The District does not have a complete written policies and procedures manual.
 - d) *Receipt/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 confirmations with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequence, agency fund forfeiture monies confirmation).

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The District does not have a complete written policies and procedures manual.

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

The District does not have a complete written policies and procedures manual.

- 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.

The District does not have a complete written policies and procedures manual.

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

The District does not have a complete written policies and procedures manual.

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

The District does not have a complete written policies and procedures manual.

- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

The District does not have a complete written policies and procedures manual.

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

The District does not have a complete written policies and procedures manual.

Management Response: A written policies and procedures manual is currently in process and will be adopted during the next year.

Board or Finance Committee

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

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

The minutes reflected that the managing council met monthly in accordance with enabling legislation.

- 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.

The minutes did not reference or include monthly budget-to-actual comparisons.

Management Response: Procedures will be implemented to have monthly budget-to-actual comparisons presented at monthly meeting.

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

The District did not have a negative fund balance in the general fund in the prior year.

Bank Reconciliations

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

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

There was no evidence that bank reconciliations were prepared within 2 months.

Management Response: Management will provide evidence that bank reconciliations are prepared timely in the future.

- 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

Bank reconciliations did not include evidence that a member of management/board member reviewed each reconciliation.

Management Response: Procedures will be implemented to have the management/board member document review of each month's bank reconciliation/statement.

- 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.

Not applicable, there were no reconciling items that have been outstanding for more than 12 months from the statement closing date.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/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).

The listing was provided by management.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select on 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 the 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.

The District does not maintain a cash drawer.

- 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.

The employee responsible for collecting cash is responsible for preparing/making bank deposits and reconciles collection documentation to the deposit.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledger, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

The employee responsible for collecting cash is responsible for posting collection entries to the general ledger and reconciles ledger postings to each other and to the deposit.

- d) The employee 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.

The employee responsible for reconciling cash collections to the general ledger is responsible for collecting cash and no other employee verifies the reconciliation.

Management Responsible: The District maintains an office with only one office employee who performs all accounting functions. Management/board member will review each bank statement and reconciliation as alternative compensating procedures.

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

All employees are covered by an 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). Obtain supported documentation for each of the deposits and:

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

The District uses prenumber receipts, when applicable.

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

All cash collections were accompanied by collection documentation and traced to the deposit slip.

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

All deposits selected cleared the bank account timely and intact.

- 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).

All deposits selected were made within one business day of receipt.

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

All deposits selected were traced to the general ledger. No exceptions.

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).

The listing was provided by management.

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

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

Purchase orders are not utilized. Purchases can be initiated by either employee.

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

One employee is involved in processing and approving payments to vendors. However, dual signatures are required for checks as a form of approval.

- 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.

Not applicable, vendor files are not maintained. A manual set of books are maintained.

- 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.

The employee responsible for processing payments mails payments after checks are signed by the board.

Management Response: The District employs only one office staff personnel who performs all accounting functions of payments, collections, deposits and recording. The District does not have the financial resources to employ more personnel to maintain adequate segregation of duties. Board review of disbursements on a monthly basis minimizes exposure to errors and misappropriation of funds.

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.

All transactions tested where paid by and matched the original invoice.

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

The invoices were processed and mailed by single employee. However, as noted above, checks required dual signatures by board.

Management Response: The District employs only one office staff personnel who performs all accounting functions of payments, collections, deposits and recording. The District does not have the financial resources to employ more personnel to maintain adequate segregation of duties. Board review of disbursements on a monthly basis minimizes exposure to errors and misappropriation of funds.

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), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

The listing was provided by management.

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 excess fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

On the months tested, supporting documentation was not reviewed and approved in writing, however, credit card check payments had dual signatures by board members.

Management Response: Procedures will be initiated to require debit card statement reviews and approvals by someone other than the authorized holder.

- b) Observe that finance charges and/or late fees were assessed on the selected statements.

No finance charges and/or late fees were assessed on the months tested.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed 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).

All transactions tested had original itemized receipts attached to the statement with written documentation of the business/public purpose. Meal charges had documentation of individuals participating.

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

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

documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- 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).

No reimbursements were made during the year for travel and travel-related expenses.

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

No reimbursements were made during the year for travel and travel-related expenses.

- 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).

No reimbursements were made during the year for travel and travel-related expenses.

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

No reimbursements were made during the year for travel and travel-related expenses.

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. Obtain management's representation that the list 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 Law (e.g., solicited quotes or bids, advertised), if required by law.

There were no agreements/contracts initiated or renewed during the fiscal year.

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

There were no agreements/contracts initiated or renewed during the fiscal year.

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

There were no agreements/contracts initiated or renewed during the fiscal year.

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

related payment agreed to the terms and conditions of the contract.

There were no agreements/contracts initiated or renewed during the fiscal year.

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 five employees/officials, obtain their paid salaries and personnel files, and agree paid salaries to the authorized pay rates in the personnel files.

The listing was provided by management. All salaries were paid in accordance to authorized payrates.

17. Randomly select on 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.)

All employees tested had documentation of daily attendance and leave.

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

No exceptions.

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

No exceptions.

18. Obtain a listing of those employees/officials that received termination pay 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 payrates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

There were no terminations in current fiscal period.

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.

Management's representation was obtained.

Ethics

20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

All employees selected for testing maintained the documentation of completion of the required one-hour ethics training on the Code of Governmental Ethics as required by Louisiana Revised Statute 42:1170 (3)(a)(i).

- 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.

The District does not have a written ethics policy.

Management response: The District will adopt an ethics policy within its policy and procedures manual.

Debt Service

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

No debt was issued during the fiscal year.

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 on 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.

The District had no outstanding debt during the fiscal year.

Other

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

Management informed us that the District did not have any misappropriation of public funds or assets during the fiscal year.

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

The District has the required notice posted in a conspicuous place upon its premises. The notice was not posted on its website.

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 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.

Dragson, Casiday & Dutton