

Red River Waterway Commission

Natchitoches, Louisiana

December 31, 2023

**Red River Waterway Commission
December 31, 2023**

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December 31, 2023**

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS
Established 1945

Independent Auditor's Report

To the Red River Waterway Commission
Natchitoches, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Red River Waterway Commission (the Commission), Natchitoches, Louisiana, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Commission, as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.





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To the Red River Waterway Commission
Natchitoches, Louisiana

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.



PAYNE, MOORE & HERRINGTON, LLP

To the Red River Waterway Commission
Natchitoches, Louisiana

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, schedule of employer’s share of net pension liability, schedule of employer contributions, and notes to required supplementary information labeled “Required Supplementary Information” in the table of contents (Part I and Part II) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission’s basic financial statements. The schedule of per diem paid to Commission members and the schedule of compensation, benefits, and other payments to the agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of per diem paid to Commission members and the schedule of compensation, benefits, and other payments to the agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



PAYNE, MOORE & HERRINGTON, LLP

To the Red River Waterway Commission
Natchitoches, Louisiana

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2024, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Payne, Moore & Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

March 8, 2024

Required Supplementary Information – Part I

Management's Discussion and Analysis

**Red River Waterway Commission
Management's Discussion and Analysis
December 31, 2023**

This section of the Red River Waterway Commission's (Commission) annual financial report offers readers a narrative overview and analysis of the financial performance of the Commission for the year ended December 31, 2023. The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the Commission's financial statements, which immediately follow this section.

Financial Highlights

The assets and deferred outflows of resources of the Red River Waterway Commission exceeded its liabilities and deferred inflows of resources by \$117,741,487 (net position) as of December 31, 2023. This is an increase of \$2,918,874 from the prior year.

As of the close of the current year, the Red River Waterway Commission's governmental funds reported combined ending fund balances of \$73,419,501. This is a decrease of \$898,607 from the prior year. Forty-one (41%) percent of this total amount, or \$30,056,413, is unassigned and available for use within the Commission's designation and policies. This is an increase of \$2,052,946 from the prior year. The total general fund expenditures for the current year are 14% of the unassigned fund balance.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

The government-wide financial statements distinguish functions of the Commission that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Commission include public works, recreation and parks, and port development. The government-wide financial statements can be found on pages 14 - 15 of this report.

**Red River Waterway Commission
Management's Discussion and Analysis
December 31, 2023**

Fund Financial Statements

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

Governmental Funds

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

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

The Commission maintains two governmental funds. Information is presented separately in the Balance Sheet - Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds for general and capital projects funds, both of which are considered to be major funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 39.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Red River Waterway Commission, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$117,741,487 as of December 31, 2023.

A large portion of the Commission's net position (37%) reflects its investments in capital assets (e.g., land, buildings, equipment, improvements, construction in progress and infrastructure). The Commission uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. The remaining balance of the Commission's net position represents resources that are used to maintain the capital assets and administrative expenses.

**Red River Waterway Commission
Management's Discussion and Analysis
December 31, 2023**

Summary Statement of Net Position

<u>December 31,</u>	<u>2023</u>	<u>2022</u>
Assets		
Current and other assets	\$ 75,445,346	\$ 77,075,937
Capital assets	<u>44,318,232</u>	<u>40,358,023</u>
Total assets	119,763,578	117,433,960
 Deferred outflows of resources	 996,292	 259,906
Liabilities		
Long-term liabilities	909,033	170,157
Other liabilities	<u>1,617,248</u>	<u>1,304,765</u>
Total liabilities	2,526,281	1,474,922
 Deferred inflows of resources	 492,102	 1,396,331
Net Position		
Invested in capital assets	44,318,232	40,358,023
Restricted	41,760,134	44,711,687
Unrestricted	<u>31,663,121</u>	<u>29,752,903</u>
Total net position	<u>\$ 117,741,487</u>	<u>\$ 114,822,613</u>

The following table provides a summary of the Commission's operations for years ended December 31, 2022 and 2023. For both years, the Commission was able to report positive balances in each category of net position.

Summary of Statement of Activities

<u>December 31,</u>	<u>2023</u>	<u>2022</u>
Revenues		
Program revenues		
Charges for services	\$ 283,299	\$ 323,572
Capital grants and contributions	1,845,437	2,437,766
General Revenues		
Property taxes	12,816,758	11,734,797
State revenue sharing	375,070	351,063
Intergovernmental revenue		
Leases and royalties	245,451	174,973
Investment earnings	2,474,164	(1,137,834)
Miscellaneous	<u>46,996</u>	<u>41,752</u>
Total revenues	18,087,175	13,926,089
Expenses		
Public works, recreation and parks, and port development	<u>15,168,301</u>	<u>9,251,489</u>
 Change in net position	 \$ 2,918,874	 \$ 4,674,600

**Red River Waterway Commission
Management's Discussion and Analysis
December 31, 2023**

Financial Analysis of the Government's Funds

Governmental Fund

The focus of the Red River Waterway Commission's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Red River Waterway Commission's governmental funds reported combined ending fund balances of \$73,419,501. Approximately 41% of this total amount constitutes unassigned fund balance. The remainder of the fund balance is committed or assigned to indicate that it is not available for new spending, because it has already been committed or assigned to pay for capital assets, port infrastructure, or insurance.

Capital Assets

The Red River Waterway Commission's investment in capital assets (net of accumulated depreciation) for its governmental activities as of December 31, 2023, is \$44,318,232.

This investment in capital assets includes land, construction in progress, infrastructure, land improvements, buildings and improvements, furniture and equipment, and boat ramps.

<u>December 31,</u>	<u>2023</u>	<u>2022</u>
Land	\$ 19,865,634	\$ 16,984,052
Construction in progress	3,755,315	1,776,179
Infrastructure	7,063,295	7,063,295
Land improvements	19,734,041	19,683,698
Buildings and improvements	6,245,257	6,245,257
Furniture and equipment	2,139,543	1,972,278
Boat ramps	<u>14,800,362</u>	<u>14,800,362</u>
Total capital assets	73,603,447	68,525,121
Less accumulated depreciation	<u>(29,285,215)</u>	<u>(28,167,098)</u>
Net capital assets	\$ 44,318,232	\$ 40,358,023

Additional information on the Red River Waterway Commission's capital assets can be found in Note 6 Capital Assets in this report.

Economic Factors and Next Year's Budgets and Rates

The Commission considered all known and projected costs when preparing the budget for 2024. Total revenue for both funds is expected to increase approximately \$2,840,604 from 2023 to 2024. 2024 total revenue includes an anticipated Corps of Engineers cost share reimbursement, a land sale to the Corps of Engineers, as well as higher anticipated interest revenue due to increasing rates. Expenditures for the capital projects fund are expected to increase approximately \$11,063,643 in 2024 due to the development of new capital projects and funding of multiple port projects, although this increase is dependent on many factors, one of which is the weather. Expenditures in the general fund are expected to increase approximately \$412,109 in 2024. Commission fund balances are capable of handling the anticipated increases.

**Red River Waterway Commission
Management's Discussion and Analysis
December 31, 2023**

Request for Information

The financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the Commission's finances. If you have questions about this report or need any additional information, contact the Executive Director at P. O. Box 776, Natchitoches, Louisiana, 71458, call (318) 352-7446, or e-mail at colinbrown@redriverwaterway.com.

Basic Financial Statements

Government-Wide Financial Statements

**Red River Waterway Commission
Statement of Net Position
Governmental Activities
December 31, 2023**

Exhibit A

Assets		
Cash and cash equivalents		\$ 2,420,876
Certificates of deposit and investments		57,825,795
Receivables		12,631,753
Accrued interest receivable		595,371
Lease receivables		408,597
Restricted certificates of deposit		1,562,954
Capital assets		
Nondepreciable		
Land	19,865,634	
Construction in progress	3,755,315	
Depreciable		
Infrastructure	7,063,295	
Land improvements	19,734,041	
Buildings and improvements	6,245,257	
Furniture and equipment	2,139,543	
Boat ramps	14,800,362	
Less - accumulated depreciation	<u>(29,285,215)</u>	
Net capital assets		<u>44,318,232</u>
Total Assets		119,763,578
Deferred Outflows of Resources		
Deferred outflow of pension resources		996,292
Liabilities		
Accounts payable		1,098,654
Salaries and employee benefits payable		518,594
Long-term liabilities		
Due within one year		
Compensated absences		130,747
Due in more than one year		
Compensated absences		45,345
Net pension liability		<u>732,941</u>
Total Liabilities		2,526,281
Deferred Inflows of Resources		
Deferred inflow of pension resources		83,505
Deferred inflow of lease resources		<u>408,597</u>
Total Deferred Inflows of Resources		492,102
Net Position		
Net investment in capital assets		44,318,232
Restricted for		
Capital projects		41,760,134
Unrestricted		<u>31,663,121</u>
Total Net Position		<u>\$ 117,741,487</u>

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

**Red River Waterway Commission
Statement of Activities
Governmental Activities
For the Year Ended December 31, 2023**

Exhibit B

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Capital Grants and Contributions		
Governmental Activities				
Public works	\$ 13,364,690	\$ -	\$ -	\$ (13,364,690)
Recreation and parks	997,717	283,299	1,845,437	1,131,019
Port development	805,894	-	-	(805,894)
Total Governmental Activities	\$ 15,168,301	\$ 283,299	\$ 1,845,437	(13,039,565)
 General Revenues				
Taxes				
Ad valorem taxes				12,816,758
State revenue sharing				375,070
Leases and royalties				245,451
Investment earnings (loss)				2,474,164
Miscellaneous				46,996
Total General Revenues				15,958,439
 Change in Net Position				 2,918,874
 Net Position, Beginning of Year				 114,822,613
 Net Position, End of Year				 \$ 117,741,487

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

Fund Financial Statements

**Red River Waterway Commission
Balance Sheet
Governmental Funds
December 31, 2023**

Exhibit C

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 2,250,372	\$ 170,504	\$ 2,420,876
Certificates of deposit and investments	23,489,684	34,336,111	57,825,795
Receivables	4,421,114	8,210,639	12,631,753
Accrued interest receivable	250,205	345,166	595,371
Due from other funds	15,994	-	15,994
Restricted certificates of deposit	1,562,954	-	1,562,954
Total Assets	\$ 31,990,323	\$ 43,062,420	\$ 75,052,743
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 73,736	\$ 1,024,918	\$ 1,098,654
Due to other funds	-	15,994	15,994
Salaries and employee benefits payable	257,220	261,374	518,594
Total Liabilities	330,956	1,302,286	1,633,242
Fund Balances			
Restricted			
Capital projects	-	41,760,134	41,760,134
Committed			
Insurance supplement	1,562,954	-	1,562,954
Port development	40,000	-	40,000
Unassigned	30,056,413	-	30,056,413
Total Fund Balances	31,659,367	41,760,134	73,419,501
Total Liabilities and Fund Balances	\$ 31,990,323	\$ 43,062,420	\$ 75,052,743

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

**Red River Waterway Commission
Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position
December 31, 2023**

Exhibit D

Total Fund Balances - Governmental Funds \$ 73,419,501

Amounts reported for governmental activities in the Statement of Net Position are different because:

Lease receivables do not relate to current financial resources and are not reported in the governmental funds. 408,597

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the fund financial statements.

Cost of capital assets	73,603,447	
Less - accumulated depreciation	<u>(29,285,215)</u>	44,318,232

Deferred outflow of pension resources is not current assets or financial resources and, therefore, are not reported in the fund financial statements. 996,292

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund financial statements.

Compensated absences	(176,092)	
Net pension asset (liability)	<u>(732,941)</u>	(909,033)

Deferred inflows are not due and payable in the current year and, therefore, are not reported in the fund financial statements.

Deferred inflow of pension resources	(83,505)	
Deferred inflow of lease resources	<u>(408,597)</u>	<u>(492,102)</u>

Net Position \$ 117,741,487

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

Red River Waterway Commission
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

Exhibit E

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Local sources			
Ad valorem taxes	\$ 4,485,866	\$ 8,330,892	\$ 12,816,758
State sources			
State revenue sharing	131,274	243,796	375,070
Federal sources	-	1,845,437	1,845,437
Leases and royalties	245,451	-	245,451
Investment earnings (loss)	991,978	1,482,186	2,474,164
Charges for services	283,299	-	283,299
Miscellaneous revenues	29,250	-	29,250
Total Revenues	<u>6,167,118</u>	<u>11,902,311</u>	<u>18,069,429</u>
Expenditures			
Current			
Public works	2,875,397	7,585,862	10,461,259
Recreation and parks	999,652	-	999,652
Port development	40,000	765,894	805,894
Capital outlay	199,123	6,502,108	6,701,231
Total Expenditures	<u>4,114,172</u>	<u>14,853,864</u>	<u>18,968,036</u>
Net Change in Fund Balances	2,052,946	(2,951,553)	(898,607)
Fund Balances, Beginning of Year	<u>29,606,421</u>	<u>44,711,687</u>	<u>74,318,108</u>
Fund Balances, End of Year	<u>\$ 31,659,367</u>	<u>\$ 41,760,134</u>	<u>\$ 73,419,501</u>

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

Red River Waterway Commission
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2023

Exhibit F

Net Change in Fund Balances - Governmental Funds \$ (898,607)

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.

Capital outlays	6,701,231	
Less - depreciation expense	<u>(1,149,975)</u>	5,551,256

Expenses reported in the Statement of Activities that represent contributions of capital assets to other entities are not reported as expenses in the governmental funds.		(1,591,047)
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		1,585,221
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In the Statement of Activities, certain operating expenses are measured by the amounts consumed during the year. In the governmental funds, however, these expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid).

(Increase) decrease in compensated absences accrued	(5,935)	
(Increase) decrease in net pension liability/asset accrued	<u>(1,722,014)</u>	<u>(1,727,949)</u>

Change in Net Position of Governmental Activities		<u>\$ 2,918,874</u>
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The accompanying notes are an integral part of the financial statements.

Notes to Basic Financial Statements

Red River Waterway Commission
December 31, 2023

Notes to Basic Financial Statements

1. Reporting Entity and Significant Accounting Policies

Reporting Entity

The Red River Waterway Commission (the Commission) was created by Act No. 17 of the Louisiana Legislature in 1965 as a political body and corporation of the State of Louisiana, and the powers of the Commission are enumerated in LA Revised Statute (LA-R.S.) 34:2301-2317. The Commission is not subject in any respect to the authority, control, or supervision of any regulatory body of the state or any political subdivision thereof.

The Commission is composed of all territories located within the parishes of Avoyelles, Rapides, Natchitoches, Red River, Grant, Bossier, and Caddo. It was created to establish, operate, and maintain a navigable waterway system extending from the vicinity of the confluence of the Red River with Old River and the Atchafalaya River northwestward in the Red River Valley to the state boundary. The commissioners administer the operations and responsibilities of the Commission in accordance with Louisiana statutes. Members of the Commission are appointed by the governor with one member from each parish being selected from the recommendations of the respective Police Juries, Levy Boards, and Red River Valley Association. The Secretary of the Louisiana Department of Transportation and Development (DOTD) serves as ex-officio chairman of the Red River Waterway Commission.

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

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

Basis of Presentation

The financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

The Commission's Basic Financial Statements consist of Government-Wide Financial Statements, including a Statement of Net Position and a Statement of Activities, and Fund Financial Statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements – The Government-Wide Financial Statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the Commission as a whole.

**Red River Waterway Commission
December 31, 2023**

Notes to Basic Financial Statements

Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and general revenues, from business-type activities (if any), generally financed in whole or in part with fees charged to external customers. The activity of internal service funds, (if any), is eliminated to avoid duplicating revenues and expenses. The Commission does not have any business-type activities or internal service funds.

The Statement of Net Position presents the financial position of the governmental activities at year-end.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) leasing, royalties, and charges paid by the recipients of services offered by the Commission and (2) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which functions the revenues are restricted. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the Commission.

Fund Financial Statements – The accounting system is organized on the basis of funds. The financial transactions of the Commission are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that include its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The various funds are grouped, in the financial statements in this report, into two major governmental funds as follows:

- General Fund - The general operating fund of the Commission accounts for all financial resources, except those required to be accounted for in other funds.
- Capital Projects Fund - This fund accounts for financial resources to be used for the acquisition and construction of major capital facilities.

Basis of Accounting/Measurement Focus

Government-Wide Financial Statements

The Government-Wide Financial Statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The primary effect of internal activity has been eliminated from the Government-Wide Financial Statements.

**Red River Waterway Commission
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Notes to Basic Financial Statements

Fund Financial Statements

Separate financial statements are provided for all governmental funds which are reported as separate columns.

Fund Financial Statements report detailed information about the Commission. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds (if any) are aggregated and presented in a single column.

Governmental Funds

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Commission considers all revenues, except ad valorem taxes and state revenue sharing, available if they are collected within sixty (60) days after year-end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Budgets are prepared and adopted using the same basis of accounting. The governmental funds use the following practices in recording revenues, expenditures, and other financing sources (uses):

Revenues

Ad valorem taxes and state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. LA-R.S. 47:1993 requires that the tax roll be filed on or before November 15 of each year. Property taxes become delinquent if not paid by December 31. The taxes are normally collected in December, January, and February of the current fiscal year. Revenue sharing is generally collected in three (3) equal installments in December, March, and May.

Intergovernmental revenues, leasing, royalties, and charges for services are recorded when the Commission is entitled to the funds.

Interest income on time deposits is recorded when the time deposits have matured and the interest is available.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability has been incurred.

**Red River Waterway Commission
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Notes to Basic Financial Statements

Other Financing Sources (Uses)

Proceeds from the sale of land and surplus capital assets are accounted for as other financing sources (uses).

Budget and Budgetary Accounting

The Commission is excluded from the provisions of Act 504 of 1980 (Budget Act) by Attorney General Opinion 80-1561. The Commission has developed an expenditure budget for the operating and maintenance (general fund) and the construction (capital projects fund) funds in order to maintain improved control over expenditures. Revenues were not budgeted in detail but were assumed sufficient to cover the expenditures.

- a. Based on improved data, the budget is periodically amended and approved by the Board of Commissioners.
- b. The budgetary comparison schedule, a required supplementary schedule, for the general fund presents comparisons of legally adopted budgets with actual data on a budgetary basis in conformity with accounting principles generally accepted in the United States of America.
- c. Unused appropriations for annually adopted budgeted funds lapse at the end of the year.
- d. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, interest-bearing demand deposits, and time deposits, if any, with an original maturity of three months or less from the date of acquisition. Cash and cash equivalents are stated at cost, which approximates fair value.

Certificates of Deposit and Investments

The Commission's investments consist of direct U.S. Agency and Treasury obligations and certificates of deposit that have a maturity of more than three months when purchased. The U.S. Agency and Treasury obligations are stated at fair market value as of December 31, 2023. The certificates of deposit are stated at cost which approximates fair value.

The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Commission may invest in United States bonds, treasury notes, or time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, investments as stipulated in LA-R.S. 33:2955, or any other federally insured investment.

Receivables

Receivables are shown net of an allowance for uncollectible accounts, since ad valorem taxes are not considered fully collectible. The allowance is based on management's evaluation of prior year collectability.

**Red River Waterway Commission
December 31, 2023**

Notes to Basic Financial Statements

Lease Receivables

Based on terms of the lease agreements, lease receivables and related deferred inflows are recognized at the inception of leases in which the commission is lessor.

Capital Assets

In the Government-Wide Financial Statements, capital assets are capitalized and depreciated on a straight-line method over their estimated useful lives. The Commission has adopted a capitalization threshold of \$500 for reporting purposes. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets, if any, are valued at their estimated fair market value on the date received. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes.

The Commission's capital assets are depreciated over the following useful lives:

<u>Asset Group</u>	<u>Years</u>
Furniture and equipment	5 to 10
Vehicles	5
Buildings and improvements	40
Land improvements and infrastructure	20 to 30
Boat ramps	50
Outdoor equipment	20

Expenditures that extend the useful lives of capital assets beyond their initial estimated useful lives or improve their efficiency or capacity are capitalized, whereas expenditures for repairs and maintenance are expensed.

In the Fund Financial Statements, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds.

No provision is made for depreciation on capital assets in the Fund Financial Statements since the full cost is expensed at the time of purchase or construction.

Interfund Receivables/Payables

In the governmental funds, transactions occur between individual funds that may result in amounts owed between funds. Interfund receivables and payables between funds within governmental activities are eliminated in the Government-Wide Financial Statements.

Compensated Absences

Employees earn and accumulate vacation and sick leave at various rates, depending on their years of service. The amount of vacation and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused vacation leave at the employee's hourly rate of pay. Upon retirement, unused vacation leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. In addition, employees are due unused comp time in accordance with Commission policy.

**Red River Waterway Commission
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Notes to Basic Financial Statements

Vested or accumulated sick or vacation leave that is expected to be liquidated with expendable available financial resources is recognized as a governmental fund liability and expenditure of the governmental functions/programs that will pay it. This includes payments that come due before the end of the reporting period upon the occurrence of employee resignation, retirement, or death that will be paid during the first month of the following year. Compensated absences are reported in the governmental funds only if they have matured. The full liability and related costs are reported in the Government-Wide Financial Statements.

Long-Term Liabilities

Long-term liabilities expected to be financed from governmental funds are not reported in the Balance Sheet for the Fund Financial Statements. All liabilities are included on the face of the Statement of Net Position in the Government-Wide Financial Statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently the Commission has only one that qualifies for reporting in this category: deferred outflow of pension resources.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenues) until that time. Currently the Commission has two that qualify for reporting in this category: deferred inflows of pension resources and lease resources.

Net Position

The net position is reported as restricted when constraints placed on the net position's use is either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

In cases where restricted and unrestricted monies are received by the Commission for the same function or purpose, the restricted monies are used first.

**Red River Waterway Commission
December 31, 2023**

Notes to Basic Financial Statements

Fund Balances

Nonspendable fund balances include amounts that cannot be spent because they are either not in a spendable form or legally or contractually required to be maintained intact. Restricted fund balances represent those portions of fund balance that are restricted to specific purposes by external parties, such as creditors, grantors, contributors, or laws or regulations of other governments or by law through constitutional provisions or enabling legislation. Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which is the Board of Commissioners. Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balances. In cases where restricted and unrestricted monies are received by the Commission for the same function or purpose, the restricted monies are used first. Unrestricted monies are then spent in the following order: committed, assigned, and unassigned.

Since the majority of the revenue in the capital projects fund is restricted by an external party, these funds are considered restricted. Therefore, the entire capital projects fund balance has been classified as restricted on the Governmental Funds Balance Sheet as of December 31, 2023.

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 at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

Under state law, the Commission may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. At December 31, 2023, the Commission had cash and cash equivalents of \$2,420,876.

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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

3. Certificates of Deposit and Investments

At year-end, the Commission had time deposits with a maturity over ninety days at the time of purchase. Investments consisted of bonds or notes issued or guaranteed by U.S. government instrumentalities with a Moody rating of AAA and held by the Commission's agent in the Commission's name. Certificates of deposit and investments are reported as follows:

**Red River Waterway Commission
December 31, 2023**

Notes to Basic Financial Statements

Certificates of deposit	\$ 26,855,338
Restricted certificates of deposit	1,562,954
Investments	<u>30,970,457</u>
	\$ 59,388,749

The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All investment types are valued using Level 1 inputs.

Custodial Credit Risk: For cash, cash equivalents, certificates of deposit, and investments, custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. As of December 31, 2023, the Commission's certificates of deposit balance of \$28,418,292 was not covered by depository insurance or collateral held by fiscal agent banks in the Commission's name in the amount of \$2,270,912.

4. Receivables

Ad valorem taxes receivable	\$ 12,483,407
Revenue sharing receivables	<u>276,932</u>
Total receivables	12,760,339
Less: Allowance for uncollectible accounts	<u>(128,586)</u>
Total net receivables	\$ 12,631,753

Description	Ad Valorem Taxes	Revenue Sharing	Total
General Fund	\$ 4,324,187	\$ 96,926	\$ 4,421,113
Capital Projects Fund	<u>8,030,634</u>	<u>180,006</u>	<u>8,210,640</u>
Total receivables	\$12,354,821	\$ 276,932	\$ 12,631,753

5. Interfund Assets/Liabilities

Due from/to other funds:

Individual balances due from/to other funds at December 31, 2023, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Projects Fund	\$ 15,994

Balances at December 31, 2023, resulted from the routine lag between the dates that interfund goods or services are provided and reimbursable expenditures occur. Transactions are recorded in the accounting system, and payments between funds are made to satisfy the balances.

**Red River Waterway Commission
December 31, 2023**

Notes to Basic Financial Statements

6. Capital Assets

Capital assets activity for the year ended December 31, 2023, is as follows:

	<u>Balance at January 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2023</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 16,984,052	\$ 2,881,582	\$ -	\$ 19,865,634
Construction in progress	<u>1,776,179</u>	<u>3,620,526</u>	<u>1,641,390</u>	<u>3,755,315</u>
Total Capital Assets Not Being				
Depreciated	18,760,231	6,502,108	1,641,390	23,620,949
Other Capital Assets				
Infrastructure	7,063,295	-	-	7,063,295
Land improvements	19,683,698	50,343	-	19,734,041
Buildings and improvements	6,245,257	-	-	6,245,257
Furniture and equipment	1,972,278	199,123	31,858	2,139,543
Boat ramps	<u>14,800,362</u>	<u>-</u>	<u>-</u>	<u>14,800,362</u>
Total Other Capital Assets	49,764,890	249,466	31,858	49,982,498
Less				
Accumulated depreciation				
Infrastructure	5,930,371	156,559	-	6,086,930
Land improvements	12,903,570	451,161	-	13,354,731
Buildings and improvements	3,226,570	158,888	-	3,385,458
Furniture and equipment	1,573,890	87,360	31,858	1,629,392
Boat ramps	<u>4,532,697</u>	<u>296,007</u>	<u>-</u>	<u>4,828,704</u>
Total Accumulated Depreciation	<u>28,167,098</u>	<u>1,149,975</u>	<u>31,858</u>	<u>29,285,215</u>
Other Capital Assets, Net	<u>21,597,792</u>	<u>(900,509)</u>	<u>-</u>	<u>20,697,283</u>
Governmental Activities Capital				
Assets, Net	\$ 40,358,023	\$ 5,601,599	\$ 1,641,390	\$ 44,318,232

Current year depreciation expense in the amount of \$1,149,975 was charged to public works expenditures.

7. Long-term Liabilities (Assets)

The following is a summary of the long-term liabilities (assets) for the year ended December 31, 2023:

	<u>Net Pension Liability (Asset)</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance at January 1, 2023	\$ (989,073)	\$ 170,157	\$ (818,916)
Additions	1,722,014	136,682	1,858,696
Deductions	<u>-</u>	<u>(130,747)</u>	<u>(130,747)</u>
Balance at December 31, 2023	\$ 732,941	\$ 176,092	\$ 909,033

**Red River Waterway Commission
December 31, 2023**

Notes to Basic Financial Statements

	<u>Balance 12/31/23</u>	<u>Due within one year</u>	<u>Due in more than one year</u>
Net pension liability (asset)	\$ 732,941	\$ -	\$ 732,941
Compensated absences	176,092	130,747	45,345

8. Ad Valorem Taxes

The Commission (a multi-parish Commission) authorized and levied ad valorem tax millage of 2.34 for the year ended December 31, 2023. The millage is allocated sixty-five percent (65%) to capital outlay and thirty-five percent (35%) to maintenance as follows:

	<u>Authorized</u>	<u>Levied</u>	<u>Expiration Date</u>
Capital outlay (Capital Projects Fund)	1.52	1.52	Indefinite
Maintenance (General Fund)	.82	.82	Indefinite

Ad valorem taxes are recorded as receivables and revenues in the year assessed, net of an estimated allowance for uncollectible accounts of \$128,586.

For the fiscal year ending December 31, 2023, the property tax calendar was approximately as follows:

Levy date	November 15, 2023
Due date	December 31, 2023
Delinquent date	January 1, 2024
Lien date	January 1, 2024

The Commission is subject to a number of tax abatement agreements entered into by other governments that reduce the ad valorem tax revenues of the Commission. These abatements are based on undepreciated values of various contracts as reported by Louisiana Economic Development and the tax assessors of all seven parishes. The estimated amount of ad valorem taxes abated through indirect agreements is \$528,097.

9. Leases

The Commission leases out land throughout all seven parishes. For the year ended December 31, 2023, the total amount received was \$164,834. The leases are either public bid leases or leasebacks and cover a period of five years. The lessee of a public bid lease has the option to lease the land for an additional five years with a maximum of ten years. The lessee of a leaseback has the option to lease the land for an additional five years with no maximum number of years.

The future lease payments are as follows:

<u>Fiscal Year Ending</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2024	\$ 122,560	\$ 25,309	\$ 147,869
2025	114,269	19,227	133,496
2026	108,790	11,589	120,379

**Red River Waterway Commission
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Notes to Basic Financial Statements

<u>Fiscal Year Ending</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2027	28,781	5,728	34,509
2028	1,003	1,096	2,099
2029-2033	5,525	4,970	10,495
2034-2038	6,483	4,012	10,495
2039-2043	4,821	2,977	7,798
2044-2048	3,646	2,354	6,000
2049-2053	4,278	1,722	6,000
2054-2058	5,020	980	6,000
2059-2061	3,421	179	3,600
Total	\$ 408,597	\$ 80,143	\$ 488,740

10. Net Position and Fund Balances

Restricted Fund Balances/Net Position

In accordance with the provisions of the ad valorem tax propositions passed by the voters in all seven parishes, the Commission has a \$41,760,134 restriction on total fund balance and net position for capital projects of the Commission from enabling legislation. This restriction is in the capital projects fund and is a result from the wording of the ad valorem tax resolution approved by voters.

The Commission has entered into certain intergovernmental cooperative agreements for the development of ports using the capital projects funds. Therefore, the Commission has designated and expended the following amounts to date:

<u>Port</u>	<u>Designations</u>	<u>Expended</u>	<u>Balance</u>
Avoyelles	\$ 850,000	\$ -	\$ 850,000
Caddo-Bossier	6,197,579	5,468,364	729,215
Central Louisiana Regional	5,064,396	3,065,341	1,999,055
Natchitoches	701,010	428,807	272,203
	\$ 12,812,985	\$ 8,962,512	\$ 3,850,473

Committed Fund Balances

The Commission has formally designated fund balances by recording them as committed fund balances on the Fund Financial Statements. These amounts are included in unrestricted net position on the Government-Wide Financial Statements.

The Commission committed \$1,562,954 of its fund balance to supplement the high cost of liability insurance and be used primarily to offset the higher deductible used to obtain lower premiums on its primary liability coverage.

The Commission also committed \$40,000 of its fund balance for port development.

**Red River Waterway Commission
December 31, 2023**

Notes to Basic Financial Statements

11. Retirement Systems

Substantially all employees of the Commission are required by state law to belong to the retirement plan administered by the Parochial Employees' Retirement System of Louisiana (PERS), which is administered on a state-wide basis. PERS is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Commission are members of Plan A.

Plan Description

Qualifying employees of the Commission are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Parochial Employees' Retirement System of Louisiana (PERS). PERS was established and provided for by Sections 1901 through 2025 of Title 11 of the Louisiana Revised Statutes (LA-RS. 11:1901-2025). PERS provides retirement benefits to employees of taxing districts of a parish, or any branch or section of a parish, within the state which does not have their own retirement system and which elect to become members of PERS. Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The Commission only participates in Plan A. The information below applies only to Plan A.

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information and plan documents for detail eligibility requirements.

PERS issues a publicly available financial report that is available for download at www.persla.org.

Eligibility Requirements

All permanent parish government employees (except those employed by Orleans, Lafourche, and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. PERS provides retirement, deferred retirement option (DROP), disability, and survivor's benefits. Participants should refer to the appropriate statutes for more complete information.

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Notes to Basic Financial Statements

1. Retirement

Normal Retirement – Any member of Plan A can retire providing the member meets one of the following criteria. Members hired prior to January 1, 2007, may retire at the earliest of age sixty-five (65) with a minimum of seven (7) years of creditable service, age sixty (60) with a minimum of ten (10) years of creditable service, age fifty-five (55) with twenty-five (25) years of creditable service, or at any age with thirty (30) years or more of creditable service. Members hired after January 1, 2007, may retire at the age of sixty-seven (67) with seven (7) years of service, age sixty-two (62) with ten (10) years of service, or age fifty-five (55) with thirty (30) years of service.

Benefit Formula – Generally, the monthly amount of retirement allowance of any member of Plan A shall consist of an amount equal to three percent (3%) of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

2. Survivor Benefits

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes. Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

3. Deferred Retirement Option Program (DROP)

Act 338 of 1990 established the Deferred Retirement Option Program (DROP) for the System. DROP is an option for any member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A who is eligible to retire may elect to participate in the DROP in which they are enrolled for three years and defer the receipt of benefits. During participation, employer contributions are payable, but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance at that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

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Notes to Basic Financial Statements

For individuals who become eligible to participate in the DROP on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in DROP will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the PERS, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of DROP must agree that the benefits payable to the participant are not the obligations of the state or the PERS, and that any returns and other rights of DROP are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

4. Disability Retirement Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five (5) years of creditable service or if hired after January 1, 2007, has seven (7) years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent (3%) of the member's final average compensation multiplied by his years of service, not to be less than fifteen (15), or two percent (2%) multiplied by years of service assuming continued service to age sixty (60) for those members who are enrolled prior to January 1, 2007 and to age sixty-two (62) for those members who are enrolled January 1, 2007 and later.

5. Cost-of-Living Adjustments

The Board of PERS is authorized to provide a cost-of-living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed two percent (2%) of the retiree's original benefit for each full calendar year since retirement may only be granted if sufficient funds are available from investment income in excess of normal requirements.

In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five (65) equal to two percent (2%) of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to two and a half percent (2.5%) for retirees sixty-two (62) years and older (LA-R.S. 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual two and a half percent (2.5%) cost of living adjustment commencing at age fifty-five (55).

Employer Contributions

According to state statute, contributions for all employees are actuarially determined each year. For the plan year ended December 31, 2022, the actuarially determined contribution rate was 7.10% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2022 was 11.50%.

According to state statute, the PERS also receives one-fourth (1/4) of one percent (1%) of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The PERS also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-contributing entities.

**Red River Waterway Commission
December 31, 2023**

Notes to Basic Financial Statements

Contributions to the pension plan from the Commission were \$159,964 for the year ended December 31, 2023.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2023, the Commission reported a liability of \$732,941 for its proportionate share of the Net Pension Liability (Asset). The Net Pension Liability (Asset) was measured as of December 31, 2022, and the total pension liability (asset) used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of that date. The Commission's proportion of the Net Pension Liability (Asset) was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the valuation date December 31, 2022, the Commission's proportion was 0.190434%, which was a decrease of 0.019541% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Commission recognized pension expense of \$313,022 less employer's amortization of change in proportionate share and difference between employer contributions and proportionate share of contributions, \$158,483.

At December 31, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 27,099	\$ 80,752
Changes of assumptions	23,391	-
Net difference between projected and actual earnings on pension plan investments	773,750	-
Changes in employer's proportion of beginning net pension liability	12,088	2,512
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	241
Employer contributions subsequent to the measurement date	<u>159,964</u>	<u>-</u>
Total	\$ 996,292	\$ 83,505

The \$159,964 reported as deferred outflows of resources related to pensions resulting from the Commission contributions subsequent to the measurement date will be recognized as a decrease in the Net Pension Liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Red River Waterway Commission
December 31, 2023**

Notes to Basic Financial Statements

<u>Year Ending December 31,</u>	
2024	\$ 26,098
2025	128,818
2026	251,040
2027	346,867

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2022 are as follows:

Valuation Date	December 31, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.40% net of investment expenses
Expected Remaining Service Lives	4 years
Cost of Living Adjustments	The present value 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 increase not yet authorized by the Board of Trustees.
Inflation Rate	2.30% per annum
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-210 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.
Salary Increases	4.75%

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (CAPM) (top-down), a treasury yield curve approach (bottom-up) and an equity building-block method (bottom-up). Risk return and correlations are 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 two percent (2%) and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is six and four-tenths percent (6.40%) for the plan year ended December 31, 2022.

**Red River Waterway Commission
December 31, 2023**

Notes to Basic Financial Statements

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33%	1.17%
Equity	51%	3.58%
Alternatives	14%	0.73%
Real Assets	2%	0.12%
		5.60%
Inflation		2.10%
Expected Arithmetic Nominal Return		7.70%

Discount Rate

The discount rate used to measure the total pension liability was 6.40% 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 PERS'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.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Employer's proportionate share of the Net Pension Liability (Asset) using the discount rate of 6.40%, as well as what the Employer's proportionate share of the Net Pension Liability (Asset) would be if it were calculated using a discount rate that is one percentage-point lower (5.40%) or one percentage-point higher (7.40%) than the current rate:

	1.0% Decrease (5.40%)	Current Discount Rate (6.40%)	1.0% Increase (7.40%)
Employer's proportionate share of the net pension liability (asset)	\$ 1,812,587	\$ 732,941	\$ (172,204)

Support of Non-employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Commission recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended December 31, 2023, the Commission recognized revenue as a result of support received from non-employer contributing entities of \$17,746 for its participation in PERS.

**Red River Waterway Commission
December 31, 2023**

Notes to Basic Financial Statements

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS 2022 Comprehensive Annual Financial Report at www.persla.org.

12. Litigation and Claims

The Commission is continually faced with lawsuits and claims as a result of expropriation of property for rights-of-way and damages resulting from the normal operation of the waterway. While the litigation cannot be predicted with any certainty, in the opinion of management, based on advice of legal counsel, the final outcome of such litigation will not have a material adverse effect on the Commission's financial position.

Required Supplementary Information – Part II

**Red River Waterway Commission
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (with Variances)
General Fund
For the Year Ended December 31, 2023**

Statement G

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues	\$ 4,531,962	\$ 4,531,962	\$ 6,167,118	\$ 1,635,156
Expenditures				
Current				
Public works	3,413,839	3,418,839	2,875,397	543,442
Recreation and parks	950,300	1,184,493	999,652	184,841
Port development	40,000	40,000	40,000	-
Capital outlay	150,000	230,000	199,123	30,877
Total Expenditures	4,554,139	4,873,332	4,114,172	759,160
Net Change in Fund Balances	(22,177)	(341,370)	2,052,946	2,394,316
Fund Balances - Beginning of Year	29,606,421	29,606,421	29,606,421	-
Fund Balances - End of Year	\$ 29,584,244	\$ 29,265,051	\$ 31,659,367	\$ 2,394,316

GAAP serves as the budgetary basis of accounting.

See independent auditor's report.

Red River Waterway Commission
Schedule of Employer's Share of Net Pension Liability
Parochial Employees' Retirement System of Louisiana (PERS)

Statement H

	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>	<u>12/31/2022</u>	<u>12/31/2023</u>
Employer's proportion of the net pension liability (asset)	0.251196%	0.271194%	0.260802%	0.227690%	0.216734%	0.216189%	0.211373%	0.209975%	0.190434%
Employer's proportionate share of the net pension liability (asset)	\$ 68,679	\$ 713,861	\$ 537,125	\$ (169,002)	\$ 961,943	\$ 10,177	\$ (370,624)	(989,073)	732,941
Employer's covered-employee payroll	\$ 1,097,038	\$ 1,554,917	\$ 1,546,700	\$ 1,401,472	\$ 1,332,388	\$ 1,370,836	\$ 1,411,770	1,408,791	1,291,882
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	6.26%	45.91%	34.73%	-12.06%	72.20%	0.74%	-26.25%	-70.21%	56.73%
Plan fiduciary net position as a percentage of the Total Pension Liability	99.15%	92.23%	94.15%	101.98%	88.86%	99.90%	104.00%	110.50%	91.74%

The amounts presented have a measurement date of the previous fiscal year-end.

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

See independent auditor's report.

**Red River Waterway Commission
Schedule of Employer Contributions
Parochial Employees' Retirement System of Louisiana (PERS)**

Statement I

Year Ending	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
12/31/2023	\$ 159,964	\$ 159,964	\$ -	\$ 1,390,987	11.50%
12/31/2022	148,566	148,566	-	1,291,882	11.50%
12/31/2021	172,577	172,577	-	1,408,791	12.25%
12/31/2020	172,942	172,942	-	1,411,770	12.25%
12/31/2019	157,646	157,646	-	1,370,836	11.50%
12/31/2018	153,225	153,225	-	1,332,388	11.50%
12/31/2017	175,184	175,184	-	1,401,472	12.50%
12/31/2016	201,071	201,071	-	1,546,700	13.00%
12/31/2015	225,463	225,463	-	1,554,917	14.50%

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

See independent auditor's report.

**Red River Waterway Commission
Notes to Required Supplementary Information
Parochial Employees' Retirement System of Louisiana (PERS)
For the Year Ended December 31, 2023**

Statement J

Changes in Benefit Terms

There were no changes in benefit terms for the year ended December 31, 2022.

Changes of Assumptions

There were no changes in assumptions for the year ended December 31, 2022.

See independent auditor's report.

Supplementary Information

**Red River Waterway Commission
Schedule of Per Diem Paid to Commission Members
For the Year Ended December 31, 2023**

Schedule K

Versa Clark	\$ 4,855
David Crutchfield II	2,355
Michael Deville	1,808
Paul Fleming	693
Randall Fletcher	277
Charles Greer	3,495
David Jones	3,602
Ronald Lattier	3,284
James Maxey	2,632
Kenneth Richardson	534
Michael Simpson	<u>2,131</u>
Total	<u><u>\$ 25,665</u></u>

See independent auditor's report.

**Red River Waterway Commission
Schedule of Compensation, Benefits, and Other
Payments to the Agency Head
For the Year Ended December 31, 2023**

Schedule L

Agency Head: Colin Brown, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 175,527
Benefits - insurance	901
Benefits - retirement	20,186
Car allowance	8,185
Cell phone	1,537
Travel	<u>15,271</u>
Total	<u><u>\$ 221,607</u></u>

See independent auditor's report.

**Other Reports Required by
*Government Auditing Standards***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed
in Accordance with Government Auditing Standards**

To the Red River Waterway Commission
Natchitoches, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Red River Waterway Commission (the Commission), Natchitoches, Louisiana, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated March 8, 2024.

Report on Internal Control Over Financial Reporting

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

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

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





PAYNE, MOORE & HERRINGTON, LLP

To the Red River Waterway Commission
Natchitoches, Louisiana

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2023-001.

Red River Waterway Commission's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Payne, Moore & Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

March 8, 2024

**Red River Waterway Commission
Schedule of Findings and Responses
For Year Ended December 31, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ yes	<u> X </u> no	
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ yes	<u> X </u> none reported	
Noncompliance material to financial statements noted?	<u> X </u> yes	_____ no	
<i>Management's Corrective Action Plan</i>	See attached		
<i>Management's Summary Schedule of Prior Audit Findings</i>	Not applicable		
<i>Federal Awards</i>	Not applicable		

Section II – Findings Relating to the Financial Statements

Finding 2023-001 – Undercollateralized Deposits

Criteria: In accordance with LA R.S. 39:1218, the Commission's deposits over \$250,000, the FDIC insured limit, must be secured by collateral.

Condition and Context: The Commission's total deposits of \$30,399,346 were undercollateralized in the amount of \$2,270,912.

Cause and Effect: The Commission failed to secure all deposits over \$250,000 with collateral. Therefore, the Commission is not in compliance with state depository laws.

Recommendation: We recommend that the Commission implement procedures to ensure all deposits are properly collateralized.

Management's response: See Management's Corrective Action Plan.

Section III – Federal Award Findings and Questioned Costs

Not applicable.

Management's Corrective Action Plan



JEFF LANDRY
GOVERNOR

CHAIR
Terrance Donahue

EXECUTIVE DIRECTOR
Colin S. Brown, P.E.

COMMISSIONERS

Jacques M. Goudeau
Avoyelles Parish

William David Jones
Bossier Parish

Ronald F. Lattier
Caddo Parish

Kenneth A. Richardson
Grant Parish

A. Paul Fleming
Natchitoches Parish

David L. Crutchfield, II
Rapides Parish

Michael Simpson
Red River Parish

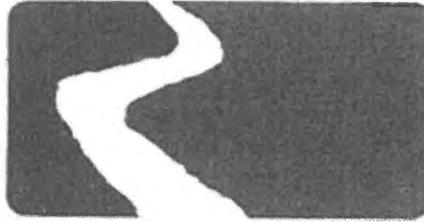
Charles R. Greer
At Large

Versa O. Clark
At Large

James F. Maxey
At Large

Michael P. Deville
At Large

STATE OF LOUISIANA
RED RIVER



WATERWAY COMMISSION

Developing the Gift of River Living

**Management's Corrective Action Plan
Year Ended December 31, 2023**

The Red River Waterway Commission respectfully submits the following corrective action plan for the year ended December 31, 2023.

Independent Public Accounting Firm:

Payne, Moore & Herrington, LLP
P.O. Box 13200
Alexandria, LA 71315-3200

Audit Period: January 1, 2023 – December 31, 2023

Finding 2023-001 – Undercollateralized Deposits

Condition and Context: The Commission's total deposits of \$30,399,346 were undercollateralized in the amount of \$2,270,912.

Recommendation: We recommend that the Commission implement procedures to ensure all deposits are properly collateralized.

Management's response: In accordance with the audit recommendation and proper accounting standards, the Commission will implement procedures to ensure all deposits are properly collateralized.

Red River Waterway Commission

Statewide Agreed-Upon Procedures Report

Natchitoches, Louisiana

December 31, 2023



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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Red River Waterway Commission
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. The Red River Waterway Commission's management is responsible for those C/C areas identified in the SAUPs.

The Red River Waterway Commission has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023, through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. **Procedure:** Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - 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.





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To the Red River Waterway Commission
and the Louisiana Legislative Auditor

- 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, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- 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) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.



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and the Louisiana Legislative Auditor

- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: No exceptions noted.

Board or Finance Committee

2. **Procedure:** 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 whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the non-for-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 (1) meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No exceptions noted.



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To the Red River Waterway Commission
and the Louisiana Legislative Auditor

Bank Reconciliations

3. **Procedure:** Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select four (4) additional accounts [or all accounts if less than five (5)]. Randomly select one (1) 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 two (2) months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within one (1) month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than twelve (12) months from the statement closing date, if applicable.

Results: No exceptions noted.

Collections (excluding electronic funds transfers)

4. **Procedure:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five (5) deposit sites [or all deposit sites if less than five (5)].

Results: No exceptions noted.

5. **Procedure:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one (1) collection location for each deposit site [e.g., five (5) collection locations for five (5) deposit sites], obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:



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To the Red River Waterway Commission
and the Louisiana Legislative Auditor

- a) Employees responsible for cash collections do not share cash drawers/registers;
- b) Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit,
- 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; and
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: No exceptions noted.

6. **Procedure:** Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

Results: Not exceptions noted.

7. **Procedure:** Randomly select two (2) deposit dates for each of the five (5) bank accounts selected for Bank Reconciliation procedure #3 (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). *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 ten (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.



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- d) Observe that the deposit was made within one (1) business day of receipt at the collection location [within one (1) week if the depository is more than ten (10) miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer].
- e) Trace the actual deposit per the bank statement to the general ledger.

Results: In the test of receipts and deposits, it was noted that three deposits were not made within one business day of receipt at the collection location.

Management's Response: Response: It is the RRWC's policy to make deposits as practical and feasible. However, where possible, deposits shall be made at least weekly. The RRWC does not collect cash payments.

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

- 8. **Procedure:** Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five (5) locations [or all locations if less than five (5)].

Results: No exceptions noted.

- 9. **Procedure:** 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 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 (2) employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - b) At least two (2) 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; and



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- e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

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

Results: No exceptions noted.

10. Procedure: 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 five (5) disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity; and
- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #9 above, as applicable.

Results: No exceptions noted.

11. Procedure: Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly select five (5) non-payroll-related electronic disbursements [or all electronic disbursements if less than five (5)] and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

Results: No exceptions noted.

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

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

Results: No exceptions noted.



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- 13. Procedure:** Using the listing prepared by management, randomly select five (5) cards [or all cards if less than five (5)] that were used during the fiscal period. Randomly select one (1) monthly statement or combined statement for each card [for a debit card, randomly select one (1) monthly bank statement]. Obtain supporting documentation, and:
- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality should not be reported.); and
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: In testing card purchases and monthly statements, it was noted that purchases were not reviewed and approved by someone other than the authorized card holder.

Management's Response: Card purchases are reviewed by someone other than the authorized card holder. However, in the future, specific notation will be made to provide evidence that purchases were reviewed and approved by someone other than the authorized card holder.

- 14. Procedure:** Using the monthly statements or combined statements selected under #13 above, excluding fuel cards, randomly select ten (10) transactions [or all transactions if less than ten (10)] from each statement, and obtain supporting documentation for the transactions [e.g., each card should have ten (10) transactions subject to inspection]. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions noted.

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

- 15. Procedure:** 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 five (5) reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five (5) reimbursements selected:



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- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
- 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 Policies and Procedures procedure #1 (g); and
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions noted.

Contracts

16. **Procedure:** 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 five (5) contracts [or all contracts if less than five (5)] from the listing, excluding the practitioner's contract, and:
 - a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - b) Observe whether 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 and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, documented approval); and
 - d) Randomly select one (1) payment from the fiscal period for each of the five (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.

Results: No exceptions noted.



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Payroll and Personnel

17. Procedure: Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five (5) employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: No exceptions noted.

18. Procedure: Randomly select one (1) pay period during the fiscal period. For the five (5) employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials;
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: No exceptions noted.

19. Procedure: Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two (2) employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

Results: No exceptions noted.



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

Results: No exceptions noted.

Ethics

21. **Procedure:** Using the five (5) randomly selected employees/officials from Payroll and Personnel procedure #18, obtain ethics documentation from management, and:

- a) Observe whether the documentation demonstrates that each employee/official completed one (1) hour of ethics training during the calendar year as required by R.S.42:1170; and
- b) Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results: No exceptions noted.

22. **Procedure:** Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: No exceptions noted.

Debt Service

23. **Procedure:** Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Results: Not applicable – no debt issued during the fiscal year.



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24. Procedure: 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 (1) 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).

Results: Not applicable – no debt outstanding at the end of the fiscal period.

Fraud Notice

25. Procedure: Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Results: No exceptions noted.

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

Results: No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

27. Procedure: Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past three (3) months.



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- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select five (5) computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We performed the procedure and discussed the results with management.

28. Randomly select five (5) terminated employees [or all terminated employees if less than five (5)] using the list of terminated employees obtained in Payroll and Personnel procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: No exceptions noted.

29. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 – completed the training; and
- Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

Results: No exceptions noted.

Prevention of Sexual Harassment

30. **Procedure:** Using the five (5) randomly selected employees/officials from Payroll and Personnel procedure #17, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one (1) hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Results: No exceptions noted.

31. **Procedure:** Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Results: No exceptions noted.



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- 32. Procedure:** Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Results: No exceptions noted.

We were engaged by the Red River Waterway Commission to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

This report is intended solely to describe the scope of testing performed on those 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.

A handwritten signature in black ink that reads "Payne, Moore + Herrington, LLP".

Certified Public Accountants
Alexandria, Louisiana

March 8, 2024