

**GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA**

**ANNUAL FINANCIAL REPORTS
Years Ended June 30, 2020 and 2019**

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Grand Isle Port Commission
Grand Isle, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of the Grand Isle Port Commission (the "Port"), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Grand Isle Port Commission as of June 30, 2020 and 2019 and the respective changes in financial position and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

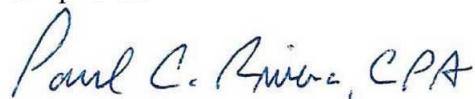
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the Port's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 my opinion, the supplemental information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated December 11, 2020, on my consideration of the Port's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control over financial reporting and compliance.



December 11, 2020

GRAND ISLE PORT COMMISSION
PO BOX 500
GRAND ISLE, LA 70358

MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of the Grand Isle Port Commission (the “Port”), we offer readers of the Port’s financial statements this narrative overview and analysis of the financial activities of the Grand Isle Port Commission for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the financial statements, which begin on page 12. All amounts, unless otherwise noted, are expressed in thousands (\$1,000’s) of dollars.

FINANCIAL HIGHLIGHTS

- The assets of the Port exceeded its liabilities at the close of the most recent fiscal year by \$4,721 (*net position*). Of this amount, \$4,200 or 89.0 percent is invested in capital assets, such as land, equipment, vehicles, and infrastructure. The remaining balance of \$521 (*unrestricted*) or 11.0 percent may be used to meet the government’s ongoing obligations to citizens and creditors.
- The Port’s total Net Position increased by \$22 or 0.5 percent during the current year because total revenues (\$335) were more than total expenses (\$313). Some of the major revenues this year included \$29 in rentals and service charges, \$7 in capital grants (State Capital Outlay funds), \$297 in ad valorem taxes, and \$1 in interest income. Some of the major expenses included \$101 in salaries and benefits, \$60 in professional fees (legal fees, mostly related to the Caminada Marker lawsuit, as well as professional fees related to the access channel permit and dredging), \$25 in repairs and maintenance, \$(2) in travel and meals (conferences and meals, less voiding of old checks), \$5 in auditing fees, \$1 in navigation and safety costs, \$11 in insurance (building, liability and flood), \$11 in utilities, \$6 in office expenses, \$1 for costs associated with operating and maintaining the new commercial dock, and \$89 in depreciation.
- Construction in progress at year end was \$83, made up of the engineering costs incurred on the FEMA pier and bulkhead repair project (PW 1097 – 4080DRLA). This project is in the bidding phase.
- The Port has no long-term debt as of June 30, 2020.
- During September 2012, Hurricane Isaac affected the area and caused widespread tidal flood damage. The Port’s docks and bulkheads received damage from the tidal floods. Claims of \$1,406 have been obligated. During 2019, \$83 was spent and approved on this project. Reimbursements of \$62 were received (75 percent) and recognized as revenue in 2019. There was no activity in the current year as this project is still in the bid phase. Bids were received in May 2019; however, they exceeded the project worksheet budget. The Port is working FEMA to update the claim amount.
- In early March 2020, the COVID-19 virus was declared a global pandemic, and unfortunately it continues to spread rapidly throughout the United States, including the local area. As noted in the analysis, no significant variances have been noted in revenues and expenditures during 2020 due to state-mandated restrictions and closures of facilities. The Port continues to monitor its budgeted revenues and expenditures and cash flows in light of the uncertainties created by the COVID-19 pandemic.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Port's basic financial statements.

Under GASB Statement No. 34, "government-wide" financial statements are to distinguish between functions of the Port that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Because the Port only engages in "business-type" activities, government-wide financials are not presented. Only the fund financial statements of the Enterprise Fund are presented as the Port's basic financial statements.

The Port's basic financial statements are comprised of two components: 1) Enterprise Fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include only the financial activities of the Grand Isle Port Commission, which is a component unit of the State of Louisiana. The State of Louisiana (the primary government) issues financial statements that include the activity contained in these financial statements. The State's financial statements are issued by the Louisiana Division of Administration – Office of Statewide Reporting and Accounting Policy and are audited by the Louisiana Legislative Auditor.

The basic financial statements can be found on pages 12 to 14 of this report.

Fund financial statements. A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Port, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As noted above, the Port only engages in "business-type" activities and therefore only presents one type of fund – "Proprietary Funds". These fund financial statements are presented as the basic financial statements of the Port.

Proprietary funds. The Port maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities*. The Enterprise Fund financial statements present information on the Port's general operations.

As noted above, the basic proprietary fund financial statements can be found on pages 12 to 14 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 15 to 22 of this report.

Other information. The Supplemental information several schedules required by the State, such as Per Diems Paid to Commissioners, a Schedule of Compensation, Benefits and Other Payments Made to the Agency Head or Chief Executive Officer, and a schedule of State Funding. This information can be found on pages 24 to 26.

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 Port, assets exceeded liabilities by \$4,721 at June 30, 2020.

A large portion of the Port's net position (\$4,200 or 89.0 percent) reflects its investment in capital assets (e.g., land, buildings, furniture and fixtures, machinery, vehicles and equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Port used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Port's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

GRAND ISLE PORT COMMISSION PROPRIETARY FUNDS - ENTERPRISE FUND

	Business-Type Activities			
	2020		2019	
Current and other assets	\$ 651		\$ 552	
Restricted assets	0		0	
Capital assets	4,200		4,279	
Total assets	<u>4,851</u>		<u>4,831</u>	
Long-term liabilities outstanding	0		0	
Other liabilities	130		132	
Total liabilities	<u>130</u>		<u>132</u>	
Net Position				
Net investment in capital assets	4,200	89.0%	4,279	91.1%
Restricted	0	0.0%	0	0.0%
Unrestricted	521	11.0%	420	8.9%
Net Position	<u>\$ 4,721</u>		<u>\$ 4,699</u>	

The *restricted net position* totaled \$-0- or 0.0 percent at year end. This money was previously set aside to pay previously exhausted debt. This restricted account was closed in 2018.

The balance of *unrestricted net position* (\$521 or 11.0 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At June 30, 2020, the Port is able to report positive fund balances in all three categories of Net Position.

The Port's net position increased by \$22 or 0.5 percent, during the current fiscal year.

Business-type Activities. Business-type activities increased the Port's net position by \$22.

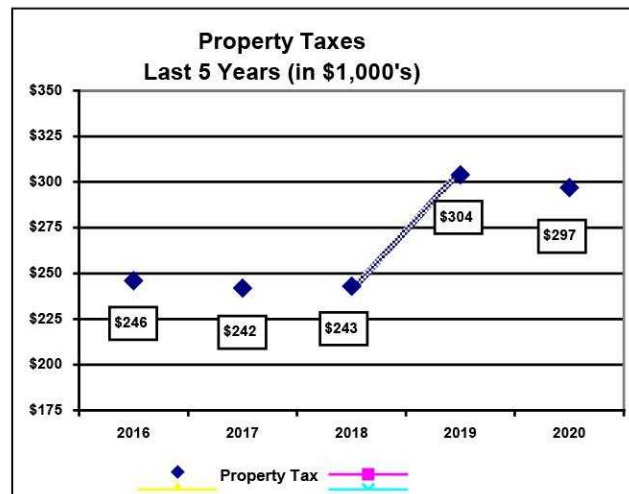
**GRAND ISLE PORT COMMISSION
REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUND**

	Business-type Activities	
	2020	2019
Revenues:		
Program revenues:		
Rentals and Charges for services	\$ 29	\$ 30
Operating grants and contributions	-	-
Capital grants and contributions	7	-
General revenues:		
Property taxes	297	304
Interest	1	1
Other	1	2
Total revenues	<u>335</u>	<u>337</u>
Expenses:		
Public works		
Operating expenses	313	246
Total expenses	<u>313</u>	<u>246</u>
Increase in net position	22	91
Net position - Beginning of year	4,699	4,608
Net position - End of year	<u>\$ 4,721</u>	<u>\$ 4,699</u>

Key elements of this decrease are as follows:

- Rentals and charges for services totaled \$29. This amount includes \$4 in rental income for property, \$25 for dock rental fees, and \$0 for oyster bed leases. The rental income includes \$4 for the land leases with the State Department of Wildlife and Fisheries and with Louisiana State University (LSU). The Wildlife lease is for 50 years. The upfront rental payment of \$150 has been recognized as unearned income and will be amortized (i.e., recognized) over the term of the lease. Thus, current year revenue was \$3 and the unearned income equals \$100 at year end. The LSU lease is also for 50 years. The upfront rental payment of \$35 has been recognized as unearned income and will be amortized (i.e., recognized) over the term of the lease. Thus, current year revenue on this lease is \$1 and unearned income equals \$27 at year end. The dock rental fees relate to the commercial dock opened on the old Estay property during 2013. Boat slips are rented to commercial enterprises. The total rent for 2020 was \$1, down slightly from last year. Finally, the Port now owns and leases a few oyster beds on the back side of the island. Lease income totaled less than \$1, down from last year.

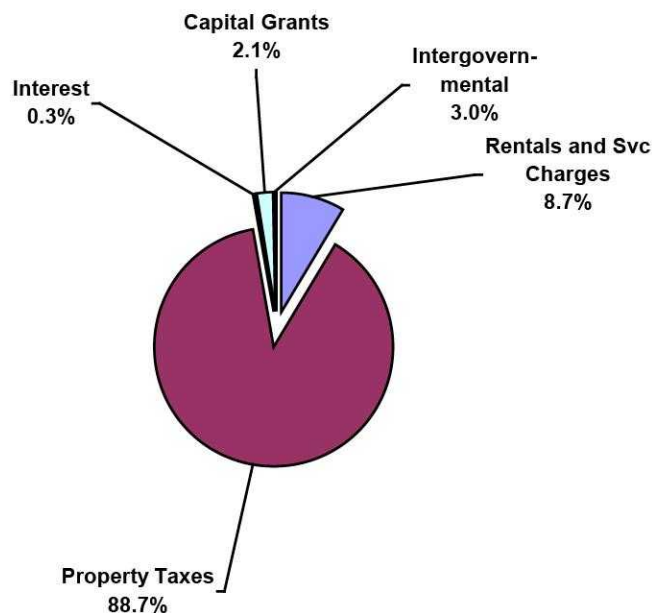
- Capital grants totaled \$7 in 2020, up over last year. The Port received State Capital Outlay funds under Project No. 36-P40-17-01 for repairs to the access road at Elmer's Island. The project is just beginning and is expected to cost nearly \$2.0 million. Funding is coming from this State Capital Outlay contract plus a Project Worksheet under Hurricane Isaac.



- Ad valorem (property) taxes of \$297 were recognized in 2020 (see graph above). This is a decrease of \$(7) or 2.4 percent from the prior year due to lower collections and slightly lower assessed values by the Assessor’s Office.
- Interest income was \$1, which is basically the same as last year. This low amount is being caused by low investable balances and interest rates.
- Other income totaled \$1, which is \$(1) lower than last year.
- Operating expenses increased from \$246 to \$313 (an increase of \$67 or 27.0 percent). This net increase came from a) an increase in depreciation of \$29 (due to some prior year infrastructure now being depreciated), b) an increase of \$37 in legal and professional fees (mostly from a \$29 expense for an access channel permit and \$10 for engineering costs on a dredging project), c) an increase of \$10 in miscellaneous expenses (due to the write off of old outstanding checks in the prior year), d) a decrease of \$(13) in commercial dock – pilings (due to the completion of a piling project in the prior year), e) an increase of \$7 in repairs and maintenance – levees (due to a payment of \$7 for the access road repairs to Elmer’s Island), f) a decrease of \$(7) in travel and meals (as travel costs were cut in response to the Covid-19 pandemic) and g) and increase of \$4 on Highway 1 – site expenses (related to roof and floor repairs).

A breakdown of the revenues received by the Port’s business-type activities is as follows:

Revenues by Source - Business Activities



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Port's investment in capital assets for its business-type activities as of June 30, 2020 amounts to \$4,200 (net of accumulated depreciation). This investment in capital assets includes land, buildings, furniture and fixtures, machinery, vehicles and equipment, and infrastructure. The Port's investment in capital assets decreased by \$(79) or 1.9 percent this year, as additions of \$10 were offset by depreciation of \$89.

GRAND ISLE PORT COMMISSION BREAKDOWN OF FIXED ASSETS (NET OF DEPRECIATION - IN \$1,000'S)

	Business-type Activities	
	2020	2019
Land and improvements	\$ 2,902	\$ 2,902
Construction in progress	83	83
Buildings	1	3
Furniture and fixtures	13	5
Vehicles and equipment	3	7
Infrastructure	1,198	1,279
Total	<u>\$ 4,200</u>	<u>\$ 4,279</u>

Major capital asset events during the current fiscal year included the following:

- \$10 in purchases were made in 2020, including a new copier and new cameras.
- \$89 was recognized as depreciation expense in the current year.

Additional information on the Port's capital assets can be found in Note C.3 on page 19.

Long-term Debt. The Port did not report any long-term debt at June 30, 2020.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for the Parish of Jefferson is currently 12.4 percent, which is 7.6 percent more than it was a year ago. In the fishing community of Grand Isle, which is heavily dependent on offshore oil, tourism and commercial fisheries (primarily shrimping), the rate tends to be slightly higher at times. The COVID-19 pandemic and the state-mandated closures and restrictions have had a major effect on the local rate. As the pandemic appears to be easing in the area, it is anticipated that the rate will begin to drop to more normal levels.
- Inflationary trends in the region compare favorably to national indices.
- The ad valorem millage rate levied for the 2020 (next year's) tax roll was 5.000 mills (the same as in 2019).

OTHER POTENTIALLY SIGNIFICANT MATTERS

- **Hurricane Isaac** hit the Grand Isle area in September 2012 causing tidal flood damage in the Grand Isle area. The Port's docks and bulkheads suffered damage. Repairs are underway and claims have been filed with the Federal Emergency Management Agency (FEMA). To date, claims of \$1,406 have been filed and \$83 of costs have been approved. FEMA reimburses at 75 percent; therefore, \$62 has been approved for reimbursement. In 2019, the Port received \$62 on these claims. There was no activity in 2020 as this project is still in the bid phase. The Port continues to make repairs under this project worksheet and anticipates utilizing some of the State Capital Outlay funds under Project 36-P40-17-01 as a match to enable the project to move forward. The Port is waiting on FEMA to amend the project worksheet costs before awarding the bid and moving forward.
- The Port continues to monitor its budgeted revenues and expenditures and cash flows in light of the uncertainties created by the COVID-19 pandemic. While revenues have not seen any significant fluctuations, the Port has is watching for any negative effects on the tax rolls and the local economy.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Port's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Board President, PO Box 500, Grand Isle, Louisiana 70358.

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BASIC FINANCIAL STATEMENTS

GRAND ISLE PORT COMMISSION

STATEMENT OF NET POSITION PROPRIETARY FUNDS - ENTERPRISE FUND JUNE 30, 2020 AND 2019

	BUSINESS-TYPE ACTIVITIES	
	JUNE 30, 2020	JUNE 30, 2019
ASSETS		
Current Assets		
Cash	\$ 624,609	\$ 524,460
Certificates of deposit and savings	22,850	22,554
Accounts receivable	1,224	2,030
Prepaid items	2,772	2,878
Restricted Assets		
Cash	-	-
Total Current Assets	<u>651,455</u>	<u>551,922</u>
Property and equipment, net	4,199,689	4,279,024
TOTAL ASSETS	<u>4,851,144</u>	<u>4,830,946</u>
LIABILITIES		
Current Liabilities		
Accounts payable	2,025	-
Payroll taxes payable	529	624
Unearned income	127,550	131,250
Total Current Liabilities	<u>130,104</u>	<u>131,874</u>
TOTAL LIABILITIES	<u>130,104</u>	<u>131,874</u>
NET POSITION		
Net investment in capital assets	4,199,689	4,279,024
Restricted for debt service - sinking fund	-	-
Unrestricted	521,351	420,048
TOTAL NET POSITION	<u>\$ 4,721,040</u>	<u>\$ 4,699,072</u>

The accompanying notes are an integral part of this statement.

GRAND ISLE PORT COMMISSION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUND
FOR THE YEARS ENDED JUNE 30, 2020 and 2019

	<u>BUSINESS-TYPE ACTIVITIES</u>	
	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>
OPERATING REVENUES		
Property Rentals	\$ 3,700	\$ 3,700
Dockage Fees	25,552	23,799
Oyster Leases	200	2,600
Miscellaneous income	812	2,126
Total Operating Revenue	<u>30,264</u>	<u>32,225</u>
OPERATING EXPENSES		
Advertising	293	1,188
Auditing	4,875	5,290
Bank charges	156	241
Commercial Dock - operating costs	524	1,255
Depreciation	89,211	60,119
Dues, subscriptions, membership fees	1,310	2,300
Insurance	11,186	11,519
Legal and professional fees		
General	5,963	4,429
Caminada Marker lawsuit	12,040	10,170
Other	41,861	4,460
Miscellaneous	347	(10,327)
Navigation and safety	1,390	3,400
Office supplies	5,934	7,122
Repairs & maintenance		
Auto	1,703	340
Boat	(35)	64
Commercial Dock - pilings	1,093	13,923
Highway 1 site	3,569	-
Security cameras and supplies	1,486	1,055
Land/Buildings	10,239	10,565
Levees	6,500	-
Site expense - Hwy 1	2,232	981
Salaries	92,255	91,978
Taxes - Payroll	7,061	7,311
Telephone	2,271	2,246
Travel and meals	(2,447)	4,239
Utilities (electricity, cable, internet, water)	10,625	11,218
Workers compensation insurance	1,238	1,232
Total Operating Expenses	<u>312,880</u>	<u>246,318</u>
Operating Income (Loss)	<u>(282,616)</u>	<u>(214,093)</u>
NON-OPERATING REVENUES (EXPENSES)		
Ad valorem taxes	296,893	304,214
Federal grant - FEMA	-	-
State capital outlay - access road/boat facilities/pier	6,500	-
Interest earned on bank accounts and investments	1,191	1,000
Total Non-Operating Revenue (Expense)	<u>304,584</u>	<u>305,214</u>
CHANGE IN NET POSITION	21,968	91,121
NET POSITION		
Beginning of Year	4,699,072	4,607,951
End of Year	<u>\$ 4,721,040</u>	<u>\$ 4,699,072</u>

The accompanying notes are an integral part of this statement.

GRAND ISLE PORT COMMISSION

STATEMENTS OF CASH FLOWS
 PROPRIETARY FUNDS - ENTERPRISE FUND
 FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	BUSINESS-TYPE ACTIVITIES	
	JUNE 30, 2020	JUNE 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Dock Fees, oyster leases, and rentals	\$ 25,752	\$ 26,399
Payments to vendors	(120,509)	(87,337)
Payments to employees - salaries and benefits	(100,649)	(100,620)
Miscellaneous receipts	812	2,126
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(194,594)</u>	<u>(159,432)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Ad valorem taxes	297,224	302,659
Receipts from State Capital Outlay - Access Rd	6,500	-
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	<u>303,724</u>	<u>302,659</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of furniture, vehicles and equipment	(9,876)	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(9,876)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	(22,850)	(22,554)
Maturity of certificates of deposit	22,554	22,263
Interest received	1,191	1,000
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>895</u>	<u>709</u>
NET INCREASE (DECREASE) IN CASH	100,149	143,936
CASH AT BEGINNING OF YEAR	524,460	380,524
CASH AT END OF YEAR	<u>\$ 624,609</u>	<u>\$ 524,460</u>
RECONCILIATION TO BALANCE SHEET		
Unrestricted Cash	\$ 624,609	\$ 524,460
Restricted Cash	-	-
Total Cash Reported on Balance Sheet	<u>\$ 624,609</u>	<u>\$ 524,460</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (282,616)	\$ (214,093)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	475	(475)
(Increase) decrease in prepaid items	106	(1,184)
Increase (decrease) in accounts payable	2,025	-
Increase (decrease) in payroll taxes payable	(95)	(99)
Increase (decrease) in deferred revenue	(3,700)	(3,700)
Depreciation	89,211	60,119
Net Adjustments	<u>88,022</u>	<u>54,661</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (194,594)</u>	<u>\$ (159,432)</u>

The accompanying notes are an integral part of this statement.

**GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Grand Isle Port Commission (the "Port") have been prepared in conformity with generally accepted accounting principles (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 more significant of the Port's accounting policies are described below.

1. Reporting Entity

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and its component units. Component units are defined as legally separate organizations for which the elected officials of a primary government are financially accountable. The criteria used in determining whether financial accountability exists include the appointment of a voting majority of an organization's governing board, the ability of the primary government to impose its will on that organization or whether there is a potential for the organization to provide specific financial benefits or burdens to the primary government. Fiscal dependency may also play a part in determining financial accountability. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Port was created by Louisiana Revised Statute (LSA-RS 34:251). It includes all land in the within the Town of Grand Isle's boundaries and all of Ward 11 of Jefferson Parish. The governing board of commissioners administers the operations and responsibilities in accordance with the provisions of Louisiana statutes. The five members of the Board are appointed by the Governor of the State of Louisiana from a list of nominations submitted by the Town of Grand Isle Mayor and Board of Aldermen. The Port has all the powers and privileges granted under the constitution and statutes of the State of Louisiana which include, but are not limited to, the authority to incur debt, to issue bonds, to construct and maintain wharves and landings, and to charge fees for the use of the wharves and other facilities administered by it. Those charges are based on tariffs approved by the U.S. Maritime Commission.

Based on the criteria described above, it has been determined that the Grand Isle Port Commission is not a component unit of the State of Louisiana for financial reporting purposes; rather it is a "stand-alone" government. Likewise, the Division of Administration for the State of Louisiana treats the Port as a primary government. The accompanying statements present only transactions of the Port.

2. Description of Activities

The Port operates an administrative office within the city limits of the Town of Grand Isle and manages a commercial dock and oyster leases on the north side of the island. Services provided by the Port include general administrative activities, primarily economic development and public works.

GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Port. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Since the Port engages only in *business-type activities*, only the financial statements of the Port's proprietary funds is presented.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The Port uses *Enterprise Funds* to account for its operations. The principal operating revenues will be charges to customers for dock fees and rentals. Operating expenses of the enterprise funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

4. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In accordance with GASB Codification Section P80, Proprietary Fund Accounting and Financial Reporting, the proprietary fund type is accounted for on the *economic resources management focus* and the *accrual basis of accounting*. With this measurement focus, all assets and liabilities associated with the operation of this fund type are included on the balance sheet. Proprietary fund type operating statements represent increases (i.e., revenues) and decreases (i.e., expenses) in net total position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of the timing of related cash flows.

The Port may also report deferred revenue on its statement of Net Position. Deferred revenues arise when a potential revenue does not meet both the "measurable and available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability of deferred revenue is removed from the Statement of Net Position and revenue is recognized.

GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Assets, Liabilities, and Net Position or Equity

A. Cash and Investments

For reporting purposes, cash includes amounts in demand deposits and time deposits. Certificates of deposit are shown separately. Louisiana Revised Statutes allow the Port to invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Investments, if any, are stated at cost or amortized cost. State statutes authorize the Port to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

For purposes of the statement of cash flows, the Port considers investments with a maturity date of less than 90 days to be a cash equivalent. Investments with less than 90 days to maturity at the balance sheet date are also considered cash equivalents.

B. Inventories

The cost of materials and supplies acquired by the Port are recorded as expenses at the time of purchase. It is management's opinion that the inventory of such materials and supplies at June 30, 2020 and 2019 are not material to the financial statements.

C. Capital Assets

Capital assets are capitalized in the funds used to acquire or construct them. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation of buildings, equipment and vehicles is computed using the straight-line method. Depreciation expense applicable to those fixed assets acquired through capital donations is closed out to the related contributed capital accounts rather than retained earnings. It is considered preferable under the matching concept, as receipts of these fixed assets have been recorded as additions to contributed capital.

The useful lives used for computing depreciation are as follows:

**GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

<u>Asset Type</u>	<u>Life in Years</u>
Buildings & Improvements	20 - 50
Furniture & Equipment	3 - 10
Vehicles & Equipment	5 - 10
Boats & Equipment	5 - 10

6. Subsequent Events

The Port has evaluated subsequent events through December 11, 2020, the date the financial statements were available to be issued. See Note E for a discussion of any subsequent events noted.

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

While not specifically required by state statutes, the Port does adopt a budget for its Enterprise Fund for managerial purposes. Since the budget is adopted on a “cash” basis of accounting and is used for management purposes only, it is not presented.

NOTE C - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

1. Deposits with Financial Institutions and Investments

Deposits with Financial Institutions

At June 30, 2020, deposits with financial institutions consisted of the following:

	Cash	Certificates of Deposit	Other	Total
Book Value of Deposits in Banks	\$ 624,609	\$ 22,850	\$ -	\$ 647,459
Bank Balances of Deposits Exposed to Custodial Credit Risk:				
A. Uninsured and uncollateralized	\$ -	\$ -	\$ -	\$ -
B. Uninsured and collateralized with securities held by pledging institution	-	-	-	-
C. Uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Port's name	-	-	-	-
Total Bank Balances Exposed to Custodial Credit Risk	\$ -	\$ -	\$ -	\$ -
Total Bank Balances - All Deposits	\$ 633,355	\$ 22,850	\$ -	\$ 656,205

GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE C - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

The book balances at June 30, 2019 consisted of \$524,460 of cash and \$22,554 of certificates of deposit and savings accounts.

2. Capital Assets

Property, Plant and Equipment

The following is a summary of changes in capital assets related to business-type activities during the fiscal year:

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Business-type Activities:					
Capital Assets, not being depreciated					
Land and improvements	\$ 2,901,691	\$ -	\$ -	\$ -	\$ 2,901,691
Construction in progress	82,500	-	-	-	82,500
Total capital assets, not being depreciated	<u>\$ 2,984,191</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 2,984,191</u>
Capital Assets, being depreciated					
Buildings	54,115	-	-	-	54,115
Furniture and fixtures	27,963	9,876	(2,220)	-	35,619
Vehicles and equipment	191,886	-	-	-	191,886
Infrastructure	1,615,425	-	-	-	1,615,425
Total Capital Assets, being depreciated	<u>1,889,389</u>	<u>9,876</u>	<u>(2,220)</u>	<u>-</u>	<u>1,897,045</u>
Less accumulated depreciation for:					
Buildings	(50,767)	(2,225)	-	-	(52,992)
Furniture and fixtures	(22,361)	(2,851)	2,220	-	(22,992)
Vehicles and equipment	(185,160)	(3,364)	-	-	(188,524)
Infrastructure	(336,268)	(80,771)	-	-	(417,039)
Total accumulated depreciation	<u>(594,556)</u>	<u>(89,211)</u>	<u>2,220</u>	<u>-</u>	<u>(681,547)</u>
Capital asset being depreciated, net					
Buildings	3,348	(2,225)	-	-	1,123
Furniture and fixtures	5,602	7,025	-	-	12,627
Vehicles and equipment	6,726	(3,364)	-	-	3,362
Infrastructure	1,279,157	(80,771)	-	-	1,198,386
Total Capital asset being depreciated, net	<u>1,294,833</u>	<u>(79,335)</u>	<u>-</u>	<u>-</u>	<u>1,215,498</u>
Total Business-type Activities, capital assets, net	<u>\$ 4,279,024</u>	<u>\$ (79,335)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,199,689</u>

The balance of construction in progress is made up of a pier and bulkhead repair project, which is being funded by FEMA (PW 1097-4080-DRLA- Isaac). During 2018, the Port spent \$82,500 on engineering costs, bringing the project to date total to \$82,500. FEMA reimbursed 75 percent of the cost - \$61,875. This amount was recognized as an "other financing source" for 2018.

GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE C - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

The \$82,500 in costs were capitalized into construction in progress at June 30, 2018. The project was bid out in 2019; however, the lowest bid was significantly over the funding allowed by FEMA. The Port has requested a revision to the Project Worksheet to account for the actual bid and is waiting to hear back from FEMA before awarding the contract and moving forward.

3. Receivables

Accounts receivable at June 30, 2020 totaled \$1,224 and are made up of \$1,224 due from the Jefferson Parish Sheriff for ad valorem taxes. The receivables at June 30, 2019 totaled \$2,030 and were made up of \$1,555 due from the Jefferson Parish Sheriff for ad valorem taxes and \$475 for an overpayment made to a vendor.

4. Leases to State

On December 1, 2003, the Port leased a portion of land to the Louisiana Department of Wildlife and Fisheries for a period of 50 years. The Port retains title to the land at lease-end and all leasehold improvements erected by the State will be removed at the term of the lease or will revert to the Port. The Port received an up-front rental fee of \$150,000 for the lease. This revenue will be deferred and recognized over the life of the lease on the straight-line method. Thus, rental revenue of \$3,000 is shown along with an unearned income of \$100,250.

On August 21, 2010, the Port leased a portion of land to the Louisiana State University and Agricultural and Mechanical College for a period of 50 years, retroactively effect to July 1, 2010. The Port retains title to the land at lease-end and all leasehold improvements erected by the State will be removed at the term of the lease or will revert to the Port. The Port received an up-front rental fee of \$35,000 on August 21, 2010 for the lease. This revenue will be deferred and recognized over the life of the lease on the straight-line method. Thus, rental revenue of \$700 is shown along with an unearned income of \$27,300.

5. Ad Valorem Tax

Louisiana Revised Statutes (LRS 34:254(A)) provides the Port with the authority to levy annually, an ad valorem tax not to exceed ten (10) mills. On November 5, 1996, the Port received approval by a vote of the citizens to levy a ten year 5 mill tax for acquiring, constructing, improving, maintaining or operating structures, facilities, and services (including economic development). This millage was renewed in the spring of 2016.

The Port levies an ad valorem (property) tax on real property within the Port to finance operations. The levy is generally made as of November 15 of each year. The tax is then due, and becomes an enforceable lien on the property, on the first day of the month following the filing of the tax roll by the Parish assessor with the Louisiana Tax Commission (usually December 1). The tax is delinquent 30 days after its due date.

GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE C - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

Ad valorem taxes are levied based on property values determined by the Jefferson Parish Assessor's Office (a separate entity). All land and residential improvements are assessed at 10 percent of its fair market value, and other property at 15 percent of its fair market value. Taxes are billed and collected by the Jefferson Parish Sheriff's Office (a separate entity) which receives a certain millage for its services. The taxes remitted by the Sheriff to the Port are net of assessor's commission and pension fund contributions.

The numbers of mills levied for operations on the 2019 and 2018 tax rolls were 5.00 and 5.00, respectively. The amount of revenues generated by the taxes in fiscal years ended June 30, 2020 and 2019 was \$296,893 and \$304,214, respectively.

6. State Capital Outlay

The Port expended \$6,500 on repairs to the Elmer's Island Access Road and was reimbursed \$6,500 in State Capital Outlay funds under Contract No. 36-P40-17-01. The total amount approved under this State Capital Outlay request is \$666,667 - \$500,000 in State Funds and \$166,667 in local matching funds. It is anticipated that these State funds will be used as a local match against the open Project Worksheet (PW 1097) described in Notes C.2 and D.2.

NOTE D - COMMITMENTS AND CONTINGENCIES

1. Risk Management and Litigation

The Port is exposed to various risks of loss resulting from personal injury; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To protect against these risks of loss, the Port purchases various types of insurance from commercial carriers. Under these policies, general liability coverage is provided for up to a maximum of \$500,000 per occurrence, with a \$10,000 deductible.

The Port's management and its attorneys have reviewed any claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the Port in excess of insurance coverages and to arrive at an estimate, if any, of the amount or range of potential loss to the Port in accordance with Governmental Accounting Standards Board Codification Section C50 – Claims and Judgments. Under these standards, loss contingencies on the various claims and lawsuits are categorized into “probable”, “reasonably possible”, and “remote”.

The Port settled a claim in November 2019 that did not exceed the commercial coverage provided by the policies noted above. There were no other known claims outstanding according to the Port's attorneys.

GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE D - COMMITMENTS AND CONTINGENCIES (CONTINUED)

2. Federal Assistance - Hurricane Isaac

On August 29, 2012, Hurricane Isaac struck the Town of Grand Isle (i.e., the area serviced by the Port). The Isle and the surrounding area were overrun by the storm surge from the Hurricane. While most of the structures in the Town survived, the Hurricane levee and the main road through the Town (Hwy 1) were washed over. As such, the Town was evacuated for several weeks while debris removal and restoration projects took place. Most of the Port's major assets survived the Hurricane; however, some of the infrastructure assets (docks) were damaged.

After the hurricane, the Port incurred expenses for emergency repairs, most of which was claimed with the Federal Emergency Management Agency (FEMA). Claims totaling \$1,460,018 have been filed with FEMA for pier and bulkhead repairs. To date, \$82,500 has been spent on this project. Through June 30, 2020, \$82,500 has been approved and \$61,875 (75 percent) has been received. As such, \$61,875 was recognized as revenue in previous years. There was no activity in the current year as this project is still in the bid phase. Bids were received in May 2019; however, they exceeded the project worksheet budget. The Port is working FEMA to update the claim amount and has not awarded the bid until that occurs. The Port anticipates using the State Capital Outlay funds described in Note C.6 to fund part of the local match on this project. It is anticipated that future costs will be eligible for reimbursement under either his project worksheet or the State Capital Outlay project.

3. COVID-19 Pandemic

In early March 2020, the COVID-19 virus was declared a global pandemic, and unfortunately it continues to spread rapidly throughout the United States. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, has been severely impacted for months, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management of the Port is carefully monitoring the situation and evaluating its options during this time. Since most of its assets are short-term in nature, there is no effect on their fair value as of the date of this report. The various grants and contracts are also still in place, therefore, future funding for these projects do not appear to be in jeopardy at this time. Also, since the Port's main revenue source is property taxes, it is not expected to be negatively impacted at this time. The 2020 tax roll has been levied and no significant change in millage revenues is expected. No adjustments have been made to these financial statements as a result of this uncertainty.

NOTE E – SUBSEQUENT EVENTS

Subsequent to year end, the COVID-19 pandemic continues to spread across the State of Louisiana, including the area that encompasses the Town of Grand Isle, where the Port's activities occur. While COVID-19 has had a minimal impact on the operations of the Port, it has had a larger impact on certain businesses within and around the Town of Grand Isle. The stay-at-home mandate and social distancing orders of Federal, State, and Local government authorities continue to have a negative impact on the local economy. See Note D.3 for more discussion of the pandemic.

SUPPLEMENTAL INFORMATION

**GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Years Ended June 30, 2020 and 2019**

Board Member	Position	Amount June 30, 2020	Amount June 30, 2019
Bob Sevin	President	\$ -	\$ -
Terrill Pizani	Vice-President	-	-
Juanita Cheramie	Secretary/Treasurer	-	-
Perry Chighizola	Commissioner	-	-
Ambrose Besson	Commissioner	-	-
		<u>\$ -</u>	<u>\$ -</u>

The Commissioners do not receive any per diem for serving on the Port Commission.

**GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
SCHEDULE OF COMPENSATION AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2020**

AGENCY HEAD - NAME/TITLE: Wayne Keller, Director

<u>Compensation/Benefit/Payment</u>	<u>Amount</u>
Salary	\$ 49,250
Benefits - Payroll Taxes	3,775
Benefits - Health Insurance	-
Benefits - Other	-
Vehicle Provided by Agency	No
Per Diem	-
Reimbursements	-
Travel (meal per diems)	-
Travel (fuel, tolls, meals, etc.)	-
Registration Fees	-
Conference Travel (air, lodging, conference expenses)	-
Continuing Professional Education Fees	-
Housing	
Unvouchered Expenses	
Special Meals	

**GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
SCHEDULE OF STATE FUNDING
For the Year Ended June 30, 2020**

<u>Description of Funding</u>	<u>Amount</u>
Louisiana Dept of Wildlife and Fisheries - Lease of Land	\$ 3,000 (1)
LSU Agriculture and Mechanical College - Lease of Land	700 (1)
State Capital Outaly # 36-P40-17-01 - Elmer's Island Access Road	6,500
	<u>\$ 10,200</u>

(1) - Note that these amounts represent the amortized value of lease revenue recognized during the year. The revenues are included in Dockage fees or rentals on the Statement of Revenues, Expenses, and Changes in Net Position.

COMPLIANCE SECTION

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**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners
Grand Isle Port Commission
Grand Isle, Louisiana

I 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 business-type activities of the Grand Isle Port Commission (the "Port"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements and have issued my report thereon dated December 11, 2020.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Port's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, I do not express an opinion on the effectiveness of the Port'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 Port's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that I consider to be significant deficiencies (see SD 20-01 and SD 20-02).

Compliance and Other Matters

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

The Port's Responses to Finding(s)

The Port's responses to the findings identified in my audit are described in the accompanying Schedule of Findings and Responses. The Port's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no such opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port'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 Port's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Marrero, Louisiana

December 11, 2020

GRAND ISLE PORT COMMISSION
State of Louisiana

SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2020

I have audited the financial statements of the Grand Isle Port Commission (the "Port") as of and for the year ended June 30, 2020, and have issued my report thereon dated December 11, 2020. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2020 resulted in an unqualified opinion.

SECTION I - SUMMARY OF AUDITOR'S RESULTS

- A. The auditor's report expresses an unqualified opinion on the financial statements of the Port.
- B. Some significant deficiencies in internal control over financial reporting are reported in the *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*. They are outlined below.
- C. No instances of noncompliance material to the financial statements of the Port, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- D. The audit was not subject to a Single Audit under OMB Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 200).
- E. A management letter was not issued for the year ended June 30, 2020.

SECTION II - FINANCIAL STATEMENT FINDINGS

INTERNAL CONTROLS:

Significant Deficiencies:

SD Comment # 20-01 - Inadequate Segregation of Duties

Condition and Criteria - I noted that the size of the Port's operations is too small to provide for an adequate segregation of duties. The Port's bookkeeper/secretary is charged with most of the responsibilities relating to the cash receipts, cash disbursement, and financial reporting cycles. The Port does, however, have various controls in place which tend to mitigate this problem, including (1) having a Commissioner review and initial all bank reconciliations, (2) requiring dual signatures on all checks, and (3) requiring the presentation of actual versus budget reports on a monthly basis, and (4) the use and reconciliation of pre-numbered receipts and checks.

Cause - Statement of Auditing Standards (SAS) 115 requires that I report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that may be partially mitigated or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation - Employing additional controls may not be cost beneficial, however, the Board should remain cognizant of the lack of segregation of duties.

GRAND ISLE PORT COMMISSION
State of Louisiana

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Fiscal Year Ended June 30, 2020

Management's Response - We are aware of the condition, however, at this point we are not in the financial position of addressing the problem. The Board is aware of the condition and will continue to monitor the financial activity of the Port in a timely manner.

SD Comment # 20-02 - Preparation of Financial Statements by Auditor

Condition and Criteria - The Port does not have controls in place for proper oversight of its financial reporting and for the preparation of financial statements in accordance with generally accepted accounting principle. As is common in small organizations, the Port has chosen to engage the auditor to prepare its annual financial statements. This condition is intentional by management, along with the cost effectiveness of acquiring the ability to prepare the financial statements in accordance with generally accepted accounting principles.

Cause - Statement of Auditing Standards (SAS) 115 requires that I report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation - As mentioned, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies noted under SAS 115. In this case, I do not believe that curing the significant deficiency described in this finding would be cost effective or practical and accordingly, I do not believe any corrective action is necessary.

Management's Response - The Port's staff is familiar with the day-to-day accounting requirements; however, due to limited staffing and funding, we do not consider it practical to provide sufficient training to our staff in order to eliminate this condition and can only continue to rely on the auditor to prepare the financial statements at this time.

COMPLIANCE:

No instances of noncompliance were noted.

**SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR
FEDERAL AWARD**

Not applicable

GRAND ISLE PORT COMMISSION
State of Louisiana

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Fiscal Year Ended June 30, 2020

SECTION IV - STATUS OF PRIOR YEAR FINDINGS

The status of findings and questioned costs noted in prior years is noted below:

FINANCIAL STATEMENT FINDINGS

Prior Year Comment No.	Description	Status
# SD 19-01	Inadequate segregation of duties	See CY Comment # SD 20-01
# SD 19-02	Preparation of financial statements by auditor	See CY Comment # SD 20-02

FEDERAL AWARDS - FINDINGS AND QUESTIONED COSTS

Not applicable

(END OF REPORT)