

**TWIN PARISH PORT DISTRICT**

Delcambre, Louisiana

Financial Report

Years Ended December 31, 2022 and 2021

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& FREDERICK**  
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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Twin Parish Port District  
P.O. Box 101  
Delcambre, Louisiana 70528-0101

### **Report on the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the Twin Parish Port District of Delcambre, Louisiana, as of and for the years ended December 31, 2022 and 2021, and the related notes to the 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 Twin Parish Port District of Delcambre, Louisiana, as of and for the years ended December 31, 2022 and 2021, and the respective changes in financial position, and where applicable, cash flows 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 audits 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 Twin Parish Port District of Delcambre, Louisiana, 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; 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that arise substantial doubt about the District'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 judgement 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 District'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 District's ability to continue as a going concern for a reasonable period of time.

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**

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of compensation, benefits and

other payments to agency head, are presented for purposes of additional analysis and is 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 compensation, benefits and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated May 1, 2023 on our consideration of the District's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

***Darnall, Sikes & Frederick***

A Corporation of Certified Public Accountants

Eunice, Louisiana

May 1, 2023

TWIN PARISH PORT DISTRICT  
Delcambre, Louisiana

Statements of Net Position  
December 31, 2022 and 2021

	2022	2021
<b>ASSETS</b>		
Cash	\$ 1,020,596	\$ 1,308,394
Restricted cash	68	999
Receivables	549,514	258,862
Prepaid expenses	52,680	20,382
Lease receivable	133,977	156,420
Total current assets	1,756,836	1,745,057
Fixed Assets		
Property, plant and equipment	8,512,528	8,259,528
Less accumulated depreciation	(2,207,813)	(1,996,762)
	6,304,715	6,262,766
Total Assets	8,061,550	8,007,823
<b>LIABILITIES</b>		
Accounts payable	6,967	16,720
Accrued expenses	11,714	21,277
Bond payable, due currently	105,000	104,000
Total current liabilities	123,681	141,998
Noncurrent Liabilities		
Grant anticipation note payable	100,000	100,000
Bond payable	791,000	896,000
Total noncurrent liabilities	891,000	996,000
Total Liabilities	1,014,681	1,137,998
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflow of resources related to leases	133,977	156,420
<b>NET POSITION</b>		
Net invested in capital assets	5,408,715	5,262,766
Restricted for debt service	68	999
Unrestricted	1,504,109	1,449,641
Total Net Position	\$ 6,912,892	\$ 6,713,405

The accompanying notes are an integral part of this statement.

TWIN PARISH PORT DISTRICT  
Delcambre, Louisiana

Statements of Revenues, Expenses and Changes in Net Position  
Years Ended December 31, 2022 and 2021

<b>OPERATING REVENUES:</b>	2022	2021
Leases and rents	\$ 102,772	\$ 117,367
Program income	133,851	104,110
Total operating revenues	236,623	221,477
 <b>OPERATING EXPENSES:</b>		
Accounting and audit fees	15,500	16,250
Depreciation	211,051	210,178
Dues and subscriptions	4,760	5,773
Insurance	18,593	19,748
Interest	18,666	-
Marketing expense	222,894	190,305
Miscellaneous	10,936	2,360
Office expense	4,162	4,128
Outside services	27,764	21,256
Payroll taxes	21,844	24,181
Port director	53,784	51,477
Professional fees	151,376	74,378
Rent	35,375	17,663
Repairs and maintenance	37,449	65,394
Salaries	130,355	117,855
Supplies	24,756	21,759
Telephone	3,174	4,579
Travel	11,313	3,590
Utilities	48,906	36,396
Website maintenance	4,473	3,977
Total operating expenses	1,057,131	891,246
Operating loss	(820,508)	(669,770)
 <b>NON-OPERATING REVENUES (EXPENSES):</b>		
Ad valorem taxes	757,139	339,334
Federal grants	250,580	43,867
Interest income	3,672	6
Miscellaneous	8,604	37,477
Total non-operating revenues	1,019,995	420,684
 Change in net position	199,487	(249,086)
Total net position, beginning of year	6,713,405	6,962,491
Total net position, end of year	\$ 6,912,892	\$ 6,713,405

The accompanying notes are an integral part of this statement.

TWIN PARISH PORT DISTRICT  
Delcambre, Louisiana

Statements of Cash Flows  
Years Ended December 31, 2022 and 2021

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 236,623	\$ 227,475
Payments to suppliers	(1,036,147)	(359,337)
Payments to employees	(152,199)	(142,037)
Net cash used by operating activities	(951,723)	(273,899)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Federal grant	250,580	43,867
Receipts from ad valorem tax	757,139	339,334
Miscellaneous receipts	8,604	37,478
Net cash used by noncapital financing activities	1,016,323	420,679
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Net purchase of capital assets	(253,000)	(40,644)
Net cash used by capital and related financing activities	(253,000)	(40,644)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments on tax bond	(104,000)	-
Proceeds from tax bond	-	1,000,000
Proceeds from anticipation note	-	100,000
Interest received on interest bearing deposits	3,672	6
Net cash provided (used) by investing activities	(100,328)	1,100,006
Net change in cash and cash equivalents	(288,728)	1,206,142
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	1,309,393	103,251
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 1,020,665	\$ 1,309,393
<b>Reconciliation of Operating Loss to Net Cash</b>		
Used by Operating Activities:		
Operating loss	\$ (820,508)	\$ (669,770)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation	211,051	210,178
Change in receivables	(290,653)	160,403
Change in prepaid expenses	(32,298)	20,819
Change in accrued expenses	(9,563)	5,998
Change in accounts payable	(9,753)	(1,527)
Net cash used by operating activities	\$ (951,723)	\$ (273,899)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:</b>		
Cash in bank	\$ 1,020,596	\$ 1,308,394
Restricted deposits	68	999
Total cash, cash equivalents, and restricted cash shown in statement of cash flows	\$ 1,020,665	\$ 1,309,393

The accompanying notes are an integral part of this statement.



TWIN PARISH PORT DISTRICT  
Delcambre, Louisiana

Notes to Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Twin Parish Port District (District) is centrally divided between Iberia and Vermilion Parish and includes Vermilion bay. The District has a separate appointed board and provides services to residents within its geographic boundaries. The accounting and reporting policies of the District have been prepared in conformity with generally accepted accounting principles as applied to governmental units. Such accounting and reporting procedures also conform to the guides set forth in the industry audit guide, *Audits of State and Local Governmental Units* and the *Louisiana Governmental Audit Guide*. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

Financial Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the District. There are no component units of the District.

Fund Accounting

The accounts of the District are organized and operated on a fund basis whereby a separate self-balancing set of accounts that comprise its assets, liabilities, net assets, revenues and expenses is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or regulations. The District is presented in the accompanying financial statements as follows:

PROPRIETARY FUND –

The focus of Enterprise fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Enterprise fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the District are leases and rents. The operating cost of the enterprise fund is all costs associated with the operation of the District. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Net Position

Equity is classified as net position and displayed in three components:

- a. Net Invested in capital assets – Consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

TWIN PARISH PORT DISTRICT  
Delcambre, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The District used restricted assets only when unrestricted assets are fully depleted.

Measurement Focus/Basis of Accounting

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

The Enterprise fund utilized an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Cash and Interest-Bearing Deposits

Cash represents non interest-bearing demand deposits.

Interest-bearing deposits include interest-bearing demand deposits and short-term time deposits. These interest-bearing deposits are stated at cost which approximates market.

Under state law, the District may deposit funds with a fiscal bank organized under the laws of the State of Louisiana, the laws of any other state in the union or the laws of the United States. Further, the District may invest in time deposits or certificates-of-deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

For the purpose of the statement of cash flows, the District considers only interest-bearing deposits with an initial maturity date of 90 days or less and all non-interest-bearing demand deposits to be cash and cash equivalents.

Fixed Assets

Fixed assets used in the proprietary fund type operations are valued at historical costs. Depreciation of all exhaustible fixed assets used by the proprietary fund type operations is charged as an expense against operations. Fixed assets on the balance sheet are net of accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the various assets as follows:

Machinery and Equipment	5-10 years
Improvements	20-40 years

TWIN PARISH PORT DISTRICT  
Delcambre, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against operations. Depreciation expense for the years ended December 31, 2022 and 2021 were \$210,178 and \$198,374, respectively.

Use of Estimates

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

Compensated Absences

The District does not have a formal policy on vacation and sick leave. Annual vacation and sick leave are granted at the discretion of the Board.

Change in Accounting Principles and Restatement

As of December 31, 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the District's financial statements and had no effect on net position.

The implementation of GASB Statement No. 87 resulted in the recognition of a lease receivable of \$133,977 and \$156,420 and deferred inflow of resources related to leases of \$133,977 and \$156,420 as of December 31, 2022 and 2021, respectively.

Subsequent Events

Management has evaluated events subsequent to the balance sheet date through May 1, 2023, the date the financial statements were available to be issued.

NOTE 2 CASH AND INTEREST-BEARING DEPOSITS

As reflected, the District has cash and interest-bearing deposits (book balances) as follows:

	2022	2021
Unrestricted:		
Demand deposits	\$ 1,017,022	\$ 1,305,865
Petty cash	3,574	2,529
	1,020,596	1,308,394
Restricted for Debt Service:		
Demand deposits	68	999
Total cash and cash equivalents	\$ 1,020,665	\$ 1,309,393

TWIN PARISH PORT DISTRICT  
Delcambre, Louisiana

Notes to Financial Statements

NOTE 2 CASH AND INTEREST-BEARING DEPOSITS (Continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. 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. Deposit balances (bank balances) are secured as follows:

	2022	2021
Accounts bank balances	\$ 1,072,830	\$ 1,337,720
Federal deposit insurance	<u>250,000</u>	<u>250,000</u>
Balance uninsured	822,830	1,087,720
Pledged securities (category 3)	<u>3,506,241</u>	<u>4,233,704</u>
Excess pledged securities over cash and investments	<u><u>\$ (2,683,411)</u></u>	<u><u>\$ (3,145,984)</u></u>

Pledged securities in Category 3 include uninsured or unregistered investments for which the securities are held by the pledging institution, or by its trust department or agent, but not in the District's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 ACCOUNTS RECEIVABLE

The District uses the direct write-off method. Expense is recognized during the period in which a specific account is determined to be uncollectible. The District believes this procedure does not result in a material difference from the valuation method required by generally accepted accounting principles.

NOTE 4 LEASE RECEIVABLE

Lease receivable represents the amount due from Bagwell Energy Services, Inc. for right to use lease assets under the lease agreement (See Note 8). The balance as of December 31, 2022 and 2021 is \$133,977 and \$156,420, respectively, and is payable in monthly installments of \$2,175.

TWIN PARISH PORT DISTRICT  
Delcambre, Louisiana

Notes to Financial Statements

NOTE 5 PROPERTY PLANT AND EQUIPMENT

A summary of changes in the proprietary fund type property, plant and equipment for the year ended December 31, 2022 is as follows:

	Balance December 31, 2021	Additions	Deductions	Balance December 31, 2022
Land	\$ 850,886	\$ 200,000	\$ -	\$ 1,050,886
Land improvements	7,218,928	-	-	7,218,928
Equipment	160,690	53,000	-	213,690
Construction in progress	29,024	-	-	29,024
	<u>8,259,528</u>	<u>253,000</u>	<u>-</u>	<u>8,512,528</u>
Accumulated depreciation	<u>(1,996,763)</u>	<u>(211,050)</u>	<u>-</u>	<u>(2,207,813)</u>
Net property, plant and equipment	<u>\$ 6,262,765</u>	<u>\$ 41,950</u>	<u>\$ -</u>	<u>\$ 6,304,715</u>

NOTE 6 LONG TERM DEBT

Long-term liabilities is comprised of the following:

The District issued Limited Tax Revenue Bonds, Series 2021 for the acquisition, construction, and equipping of landside infrastructure within the jurisdiction of the District. The bonds are payable in semi-annual installments of principal and interest due on March 1 and September 1 of each year through March 2030. The bonds bear interest at 1.759 percent annually and are payable from ad valorem taxes.

The District has a Grant Anticipation Note dated September 22, 2021 in the amount of \$4,500,000 for the purpose of financing the acquisition, construction and equipping of landside infrastructure within the jurisdictions of the District. The note is to be paid with anticipated grant proceeds as they are received, but no later than September 1, 2026. The note bears interest at 3.25 percent annually. As of December 31, 2022, the District drew \$100,000 on the note.

	2022	2021
Limited Tax Revenue Bond, Series 2021, for \$1,000,000, issued September 22, 2021, at a rate of 1.75% per annum. Interest is to be payable semi-annually on March 1 and September 1 of each year, commencing March 1, 2022. The principal payments begin March 1, 2022 and should be paid with the interest payment in March of each year, with the final payment due on March 1, 2030.	\$ 896,000	\$ 1,000,000
Grant Anticipation Note, Series 2021, for \$4,500,000, issued September 22, 2021, at a rate of 3.25% per annum. Interest is to be payable semi-annually on March 1 and September 1 of each year, commencing March 1, 2022. Note will mature on September 1, 2026.	<u>\$ 100,000</u>	<u>\$ 100,000</u>
	<u>\$ 996,000</u>	<u>\$ 1,100,000</u>
Less current maturities	<u>105,000</u>	<u>104,000</u>
	<u>\$ 891,000</u>	<u>\$ 996,000</u>

TWIN PARISH PORT DISTRICT  
Delcambre, Louisiana

Notes to Financial Statements

NOTE 6 LONG TERM DEBT (Continued)

The following is a summary of debt transactions for the year ended December 31, 2022:

	Balance 12/31/2021	Debt Proceeds	Principal Payments	Balance 12/31/2022	Due within on year
Revenue Bond	\$ 1,000,000	\$ -	\$ 104,000	\$ 896,000	\$105,000
Grant Anticipation Note	100,000	-	-	100,000	-
	<u>\$ 1,100,000</u>	<u>\$ -</u>	<u>\$ 104,000</u>	<u>\$ 996,000</u>	<u>\$105,000</u>

Debt service requirements, including interest of \$64,188 for outstanding bonds and grant anticipation notes payable were as follows as of December 31, 2022:

December 31,	Revenue Bonds Payable	Grant Anticipation Notes Payable	Interest	Total
2023	\$ 105,000	\$ -	\$ 14,761	\$ 119,761
2024	107,000	-	12,906	119,906
2025	109,000	-	11,016	120,016
2026	111,000	100,000	9,091	220,091
2027	113,000	-	7,131	120,131
Thereafter	<u>351,000</u>	<u>-</u>	<u>9,283</u>	<u>360,283</u>
	<u>\$ 896,000</u>	<u>\$ 100,000</u>	<u>\$ 64,188</u>	<u>\$ 1,060,188</u>

NOTE 7 AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. These taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. During the year ended December 31, 2022, the District has authorized, and levied, a 5.00 mill ad valorem tax, along with a 4.00 mill ad valorem tax for debt service.

NOTE 8 RENTAL INCOME FROM OPERATING LEASE

The District began leasing property to Bagwell Energy Services, Inc. under an operating lease effective June 18, 2018 and ending on June 17, 2028. Land rental installment payments in the amount of \$2,175 are due in advance on the first of each month.

The following is a schedule by year of minimum future rentals to be received on non-cancelable operating leases as of December 31, 2022:

Year ending December 31,	Principal	Interest	Total
2023	\$ 23,011	\$ 3,087	\$ 26,098
2024	23,593	2,505	26,098
2025	24,189	1,908	26,097
2026	24,801	1,297	26,098
2027	25,428	670	26,098
2028-2032	12,954	95	13,049
Total minimum future rentals	<u>\$ 133,976</u>	<u>\$ 9,562</u>	<u>\$ 143,538</u>

TWIN PARISH PORT DISTRICT  
Delcambre, Louisiana

Notes to Financial Statements

NOTE 8 RENTAL INCOME FROM OPERATING LEASE (Continued)

Rental income for the fiscal year ended December 31, 2022 and 2021 totaled \$22,443 and \$21,895, respectively.

NOTE 9 COMPENSATION PAID TO MEMBERS OF THE BOARD OF COMMISSIONERS

The commissioners of the District receive no compensation.

**SUPPLEMENTARY INFORMATION**



TWIN PARISH PORT DISTRICT  
Delcambre, Louisiana  
Schedule of Compensation, Benefits and Other Payments to Agency Head  
Year Ended December 31, 2022

Port Director: Wendell R. Verret

Salary	\$ 50,109
Phone	118
Travel	<u>347</u>
	<u>\$ 50,574</u>

**INTERNAL CONTROL, COMPLIANCE  
AND  
OTHER GRANT INFORMATION**



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

Board of Commissioners  
Twin Parish Port District  
Delcambre, 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 the business-type activities of Twin Parish Port District (the District) of Delcambre, Louisiana as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 1, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, 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 preceding paragraph 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether District'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 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **District's Response to Findings**

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

## **Purpose of this Report**

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

*Darnall, Sikes & Frederick*

A Corporation of Certified Public Accountants

Delcambre, Louisiana  
May 1, 2023

TWIN PARISH PORT DISTRICT  
Delcambre, Louisiana

Schedule of Prior Year Audit Findings  
Year Ended December 31, 2022

2020-001 Findings: Segregation of Duties

The District does not segregate the duties of recording transactions, custody of assets, and authorization of transactions.

Status: This finding is unresolved. See current year finding 2022-001.

TWIN PARISH PORT DISTRICT  
Delcambre, Louisiana

Schedule of Findings and Responses  
Year Ended December 31, 2022

SECTION 1 SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Auditor's Report

An unmodified opinion has been issued on the Twin Parish Port District's financial statements as of and for the year ended December 31, 2022.

Deficiencies and Material Weakness in Internal Control – Financial Reporting

There was one material weakness in internal control over financial reporting disclosed during the audit of the financial statement which is shown as item 2022-001 in Section 2 below.

Material Noncompliance – Financial Reporting

There were no instances of noncompliance noted during the audit of the financial statements.

FEDERAL AWARDS

Major Program Identification

This section is not applicable for the year ended December 31, 2022.

SECTION 2 FINDINGS RELATING TO THE AUDIT IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

2022-001 Segregation of Duties

Criteria: Effective internal controls require adequate segregation of duties to allow for prevention and detection of errors and possible misappropriation of funds.

Condition: Due to the limited number of personnel, one individual is responsible for all the key functions of the Port.

Cause: Due to the small number of personnel, the Twin Parish Port District did not have adequate segregation of duties within the accounting department.

Effect: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: Based on the size of the operation and the cost benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

TWIN PARISH PORT DISTRICT  
Delcambre, Louisiana

Schedule of Findings and Responses (Continued)  
Year Ended December 31, 2022

SECTION 3 FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL PROGRAMS

At December 31, 2022, the Twin Parish Port District did not meet the requirements to have a single audit in accordance with OMB Uniform Guidance; therefore, this section is not applicable.

SECTION 4 MANAGEMENT LETTER

The auditor did not issue a management letter this year.

TWIN PARISH PORT DISTRICT  
Delcambre, Louisiana

Management's Corrective Action Plan for Current Year Findings  
Year Ended December 31, 2022

Response to Finding 2022-001:

No response is considered necessary.





**DARNALL SIKES  
& FREDERICK**

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INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Governing Board of Twin Parish Port District (the "District") 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, 2022 through December 31, 2022. The District's management is responsible for those C/C areas identified in the SAUPs.

The District 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, 2022 through December 31, 2022. 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:

***1) Written Policies and Procedures***

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A. 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:

- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

Written policies and procedures were obtained and do address the functions noted above.

- ii. ***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.

Written policies and procedures were obtained and do address the functions noted above.

- iii. ***Disbursements***, including processing, reviewing, and approving.

Written policies and procedures were obtained and do address the functions noted above.

- iv. **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).

Written policies and procedures were obtained and do address the functions noted above.

- v. **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 rates of pay or approval and maintenance of pay rate schedules.

Written policies and procedures were obtained and do address the functions noted above.

- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

- viii. **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).

Written policies and procedures were obtained and do address the functions noted above.

- ix. **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.

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

- xi. **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.

Written policies and procedures were obtained and do address the functions noted above.

- xii. **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.

Written policies and procedures were obtained and do address the functions noted above.

## 2) *Board or Finance Committee*

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- A. 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
- i. 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.  
Obtained and inspected minutes of the board for the fiscal period noting that the board met at least monthly in accordance with the District's policy.
  - ii. 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, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-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.*  
The District only has a proprietary fund. Budget-to-actual comparisons on the proprietary fund were performed monthly.
  - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.  
The District does not have a general fund; therefore, this section is not applicable.
  - iv. 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.  
Noted one audit finding existed as follows, "Due to the limited number of personnel, one individual is responsible for all of the key functions of the Port". Based on the size of the operation and the cost benefit of additional personnel, it is not feasible to achieve complete segregation of duties at this time.

## 3) *Bank Reconciliations*

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- A. 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 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);  
Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date.

- ii. 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 (e.g., initialed and dated, electronically logged); and

Bank reconciliations include evidence that a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

There were no reconciling items noted that were outstanding for more than 12 months from the statement closing date.

#### 4) Collections (excluding electronic funds transfers)

---

- A. 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 5 deposit sites (or all deposit sites if less than 5).

Obtained a listing of deposit sites for the fiscal period, and management provided representation that the listing is complete. Selected all deposit sites as there were less than 5.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 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

- i. Employees responsible for cash collections do not share cash drawers/registers;

Employees responsible for cash collections do not share cash drawers/registers.

- ii. 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;

Employees responsible for collecting cash are not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation to the deposit.

- iii. Each employee responsible for collecting cash is not also 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

Employees responsible for collecting cash are not responsible for posting collection entries to the general ledger, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Employees responsible for reconciling cash collections the general ledger are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

- C. 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.

Employees who have access to cash are covered by a bond or insurance policy for theft.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.

Not applicable as all collections tested were noncash and are checks through the mail.

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

Traced supporting documentation to the deposit slips noting no exceptions.

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

Traced the deposit slip totals to the actual deposit per the bank statement noting no exceptions.

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Observed that the deposits were made within one business day of receipt at the collection location.

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

Traced the actual deposits per the bank statement to the general ledger noting no exceptions.

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

---

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Obtained a listing of locations that process payments for the fiscal period, and management provided representation that the listing is complete. Selected all locations that process payments as there were less than 5.

- B. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

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

Observed written policies and procedures and observed that job duties are properly segregated regarding the functions noted above.

- ii. At least two employees are involved in processing and approving payments to vendors;  
Observed written policies and procedures and observed that job duties are properly segregated regarding the functions noted above.
  - iii. 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;  
Observed written policies and procedures and observed that job duties are properly segregated regarding the functions noted above.
  - iv. 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  
Observed written policies and procedures and observed that job duties are properly segregated regarding the functions noted above.
  - v. 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.  
Observed written policies and procedures and observed that job duties are properly segregated regarding the functions noted above.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. 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  
Observed that the disbursements matched the related original itemized invoice and that supporting documentation indicates that deliverables on the invoice were received by the District.
  - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.  
Observed that the disbursement documentation included evidence of segregation of duties tested.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 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.  
Observed that each electronic disbursement was approved by only those persons authorized to disburse funds per the District's policy and approved by the required number of authorized signers per the District's policy.

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

---

- A. 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.

Obtained from management a listing of all active cards for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards, and management provided representation that the listing is complete.

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

- i. 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

Observed that there was evidence that the monthly statement and supporting documentation was reviewed and approved, in writing by someone other than the authorized card holder.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

Observed that there were no finance charges or late fees assessed on the selected statements.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 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.

Observed that all transactions were supported by an original itemized receipt that identifies precisely what was purchased. Observed that all transactions tested were supported by written documentation of the business/public purpose. There were no meal charges tested.

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

---

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

- i. 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](http://www.gsa.gov));  
Observed that approved reimbursement rates were no more than those established by the State of Louisiana or the U.S. General Services Administration.
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;  
Observed that reimbursements using actual costs were supported by an original itemized receipt that identifies precisely what was purchased.
- iii. 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 #1A(vii); and  
Observed that each reimbursement is supported by documentation of the business/public purpose and other documentation required by written policy.
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.  
Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

## **8) Contracts**

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This section is not applicable. Management asserted that the District did not initiate or renew any contracts during the fiscal period.

- A. 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. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
  - i. 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;
  - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
  - iii. 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, the documented approval); and
  - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.



## 9) Payroll and Personnel

---

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

Obtained a listing of employees and officials employed during the fiscal period, and management provided representation that the listing is complete. Randomly selected 5 employees, and agreed paid salaries to authorized salaries/pay rates in personnel files.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

Observed that all selected employees documented their daily attendance, and no leave was accrued or taken.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

Observed that supervisors approved the attendance of the selected employees.

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

No leave was accrued or taken during the pay period tested.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Observed that the rate paid to the employees agree to the authorized salary/pay rate found within the personnel file.

- C. 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 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.

Management asserted that there were no employees or officials that received termination payments during the fiscal period.

- D. 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.

Management provided representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

## **10) Ethics**

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and  
The 5 employees selected for testing did have documentation to demonstrate that the required ethics training was completed.
  - ii. 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.  
No changes were made to the entity's ethics policy during the fiscal year.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.  
The District has appointed an ethics designee as required by R.S. 42:1170.

## **11) Debt Service**

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- A. 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.  
Obtained a listing of bonds issued during the fiscal period, and management provided representation that the listing is complete. Observed that State Bond Commission approval was obtained for each debt instrument issued.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).  
Obtained a listing of bonds outstanding at the end of the fiscal period, and management provided representation that the listing is complete. Inspected debt covenants noting no reserve balance required. Agreed payments to those required by debt covenants.

## **12) Fraud Notice**

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- A. 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.  
Management asserted that there were no misappropriations of public funds and assets during the fiscal period.

- B. 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.

Observed that the District has posted on its premises and website the required notice.

### ***13) Information Technology Disaster Recovery/Business Continuity***

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- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

- i. 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.

We performed the procedure and discussed the results with management.

- ii. 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 3 months.

We performed the procedure and discussed the results with management.

- iii. 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 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.

We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

### ***14) Prevention of Sexual Harassment***

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

The 5 employees selected for testing did have documentation to demonstrate that the required sexual harassment training was completed.

- B. 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).

Observed that the District does have posted its sexual harassment policy and complaint procedures on its website and premises.

- C. 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:

Observed that the report included all requirements as stated below.

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

We were engaged by the District 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 District 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.

***Darnall, Sikes & Frederick***

A Corporation of Certified Public Accountants

Eunice, Louisiana

May 1, 2023