

**BASIC FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

**Vinton Harbor and Terminal District
Vinton, Louisiana**

For the Year Ended December 31, 2022

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Vinton Harbor and Terminal District
Vinton, Louisiana

Opinions

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the Vinton Harbor and Terminal District, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Vinton Harbor and Terminal District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Vinton Harbor and Terminal District, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Vinton Harbor and Terminal District, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Vinton Harbor and Terminal 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.

Auditors' 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 auditors' 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Vinton Harbor and Terminal 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 Vinton Harbor and Terminal 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

Vinton Harbor and Terminal District has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America 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 to be an essential part of the financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally

accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 29, 2023, on our consideration of the Vinton Harbor and Terminal District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Vinton Harbor and Terminal District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Vinton Harbor and Terminal District's internal control over financial reporting and compliance.

This report is intended solely for the information and use of management, and Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Joyly, Williams, Co., LLP

Lake Charles, Louisiana
June 29, 2023

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

**Vinton Harbor and Terminal District
Vinton, Louisiana**

**STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
December 31, 2022**

ASSETS

Cash and cash equivalents	\$ 1,110,605
Ad valorem tax receivable, net of allowance for doubtful accounts \$3,515	172,259
Lease receivable	72,787
Other receivables	43
Prepaid insurance	10,496
Land and other capital assets not being depreciated	1,580,927
Capital assets, net of accumulated depreciation	729,504
Lease receivable - noncurrent	1,124,866
Restricted cash	63,127
Total assets	\$ 4,864,614

LIABILITIES

Accounts payable	\$ 5,539
Accrued interest payable	3,082
Payroll taxes payable	225
Ad valorem pension payable	5,634
Deferred revenues	37,032
Long-term liabilities:	
Bond payable--	
Portion due within one year	85,000
Portion due after one year	475,000
Total liabilities	611,512

DEFERRED INFLOWS OF RESOURCES

Lease related deferrals	1,181,979
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NET POSITION

Net investment in capital assets	1,750,431
Restricted for debt service	63,127
Unrestricted	1,257,565
Total net position	3,071,123
Total liabilities and net position	\$ 4,864,614

See accompanying notes and independent auditors' report.

**Vinton Harbor and Terminal District
Vinton, Louisiana**

**STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
For the Year Ended December 31, 2022**

Function/Program	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Fees and Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Governmental activities:					
General government	\$ 201,032	\$ -	\$ -	\$ -	\$ (201,032)
Interest on long-term debt	19,716	-	-	-	(19,716)
Total Government Activities	\$ 220,748	\$ -	\$ -	\$ -	(220,748)
General revenues:					
Ad valorem taxes					173,684
State revenue sharing					2,244
Rental income					92,203
Right-a-way income					136,827
Royalty income					75,265
Dirt income					3,919
Interest income					34,397
Investment earnings					17,465
					Total general revenues 536,004
					Change in net position 315,256
					Net position - beginning of year 2,755,867
					Net position - end of year \$ 3,071,123

See accompanying notes and independent auditors' report.

FUND FINANCIAL STATEMENTS

**Vinton Harbor and Terminal District
Vinton , Louisiana**

**GOVERNMENTAL FUND - BALANCE SHEET
December 31, 2022**

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,110,605
Ad valorem tax receivable, net of allowance for doubtful accounts \$3,515	172,259
Lease receivable	1,197,653
Other receivable	43
Prepaid insurance	10,496
Restricted cash	<u>63,127</u>
Total assets	<u><u>\$ 2,554,183</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>	
Liabilities:	
Accounts payable	\$ 5,539
Payroll taxes payable	223
Ad valorem pension payable	5,634
Deferred revenues	<u>37,032</u>
Total liabilities	48,428
Deferred inflows of resources:	
Lease related deferrals	1,181,979
Fund balance:	
Non spendable:	
Leases	15,674
Restricted for debt service	63,127
Unassigned	<u>1,244,975</u>
Total fund balance	<u>1,323,776</u>
Total liabilities and fund balance	<u><u>\$ 2,554,183</u></u>

See accompanying notes and independent auditors' report.

**Vinton Harbor and Terminal District
Vinton, Louisiana**

**RECONCILIATION OF FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION
December 31, 2022**

FUND BALANCE OF GOVERNMENTAL FUNDS \$ 1,323,776

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

Capital assets used in governmental activities are not financial resources and therefore, not reported in the funds:

Land	\$ 1,580,927	
Cost of capital assets	1,256,383	
Less - accumulated depreciation	<u>(526,879)</u>	
		2,310,431

Long-term liabilities are not reported in the fund financial statements because they are not due and payable in the current-period, but they are presented as liabilities in the statement of net position:

Accrued interest payable	(3,084)	
Bond payable	<u>(560,000)</u>	
		<u>(563,084)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,071,123

See accompanying notes and independent auditors' report.

**Vinton Harbor and Terminal District
Vinton, Louisiana**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended December 31, 2022**

	General Fund
Revenue:	
Ad valorem taxes	\$ 173,684
State revenue sharing	2,244
Rental income	92,203
Right-a-way income	136,827
Royalty income	75,265
Dirt income	3,919
Interest income	34,397
Investment earnings	17,465
Total revenues	536,004
Expenditures:	
Current:	
Governmental	
Advertising	594
Attorney fees	22,749
Auditing	7,300
Bank charges	20
Box rent	224
Contract work	9,459
Dues	2,525
Engineering fees	22,312
Insurance	33,730
IT services	9,553
Material and supplies	798
Office supplies	2,279
Per diem	6,080
Registration	1,430
Repairs and maintenance	15,919
Secretarial wages	19,124
Sheriff pension	5,634
Taxes - payroll	2,152
Telephone expense	720
Travel	1,543
Trustee fee	600
Capital outlay	11,429
Debt service:	
Bond principal payment	85,000
Bond interest expense	20,184
Total expenditures	281,358
Net change in fund balance	254,646
Fund balance at beginning of year	1,069,130
Fund balance at end of year	\$ 1,323,776

See accompanying notes and independent auditors' report.

**Vinton Harbor and Terminal District
Vinton, Louisiana**

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022**

Total net change in fund balance - governmental funds	\$	254,646
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.

Capital outlay	\$	11,429	
Depreciation expense		<u>(36,288)</u>	(24,859)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		85,000
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Interest on long-term debt attributable to periods beyond the current year are not reported as current year expenses in the Statement of Activities.		<u>469</u>
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Change in net position of governmental activities	\$	<u><u>315,256</u></u>
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See accompanying notes and independent auditors' report.

NOTES TO THE FINANCIAL STATEMENTS

Vinton Harbor and Terminal District
Vinton, Louisiana
NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

The Vinton Harbor and Terminal District (“District”) is a political subdivision of the State of Louisiana and was created in 1956 by Act No. 466 as an amendment to Chapter 1 of Title 34 of the Louisiana Revised Statutes of 1950. The District was created to regulate the commerce and traffic within the confines of Ward Seven of the parish of Calcasieu, State of Louisiana. The governing authority of the District is a board of commissioners, consisting of five members. The initial commissioners were appointed as follows:

1. Three members were appointed by the mayor and town council of the Town of Vinton, Louisiana.
2. Two members were appointed by the police jury of the parish of Calcasieu, State of Louisiana.

Upon expiration of the initial commissioners’ terms, any vacancy is to be filled by the board of commissioners, for the term of five years, from a panel of names submitted to them as follows:

Two names to be submitted by each of the following:

1. The governing authority of the Town of Vinton, Louisiana.
2. The police jury of the parish of Calcasieu, State of Louisiana.

The commissioners are compensated on a per diem basis for meetings attended.

The District is responsible for operating and maintaining a harbor and terminal on the Vinton Navigation Canal located in Ward Seven of the parish of Calcasieu, State of Louisiana. Within this area, the District also leases a building and land to various tenants.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 District 's accounting policies are described below.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The District’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental Activities for the District accompanied by a total column.

Vinton Harbor and Terminal District
Vinton, Louisiana
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Basis of Presentation – (Continued)

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Governmental Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District’s functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are classified into one category, governmental fund. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds.

Basis of Accounting/Measurement Focus

The amounts reflected in the governmental fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of District’s operations.

The amounts reflected in the governmental fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The government-wide financial statements are accounted for using an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

Vinton Harbor and Terminal District
Vinton, Louisiana
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Basis of Accounting/Measurement Focus – (Continued)

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar-year basis, become due on November 15 of each year, and become delinquent by December 31. The taxes are normally collected in December, January, and February of the fiscal year. Rental, royalty, dirt sales and fees, charges, and commissions for services are recorded when the District is entitled to the funds. Interest income on deposits is recorded when interest is earned. Substantially all other revenues are recorded when received.

Expenditures

The District's primary expenditures include salaries, contract services, engineering fees, supplies and insurance, which are recorded when the liability is incurred. Capital expenditures and purchase of various operating supplies are regarded as expenditures at the time purchased.

Deferred Revenues

Deferred revenues arise when resources are received by the District before it has a legal claim to them, as when insurance monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for deferred revenue is removed from the statement of net position and the revenue is recognized.

The General Fund is the District's operating fund. It accounts for all financial resources of the District.

Cash and cash equivalents

Cash and cash equivalents include amounts in demand deposits with an original maturity of three months or less.

The District is authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by the initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investing is performed in accordance with investment policies complying with State Statutes and those adopted by the Board of Commissioners. Investments in LAMP, are stated at fair market value.

Ad Valorem Tax Receivable

Receivables consist of all revenues earned at year-end and not yet received. Receivables are reported net of allowance for doubtful accounts and revenues net of bad debt. Doubtful amounts due for ad valorem taxes are recognized as doubtful using the allowance method. The allowance for doubtful accounts at December 31, 2022 was \$3,515.

**Vinton Harbor and Terminal District
Vinton, Louisiana
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Lease Receivables

The District’s lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee’s revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. The District maintains a threshold level of \$1,500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Position and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and building improvements	10 - 40 years
Equipment	7 - 20 years

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.

Restricted Cash

Certain debt proceeds of the District, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants and they are maintained in separate bank accounts.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

Vinton Harbor and Terminal District
Vinton, Louisiana
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Deferred Outflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District has one item that meets the criterion for this category - leases.

Equity Classification

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of assets with constraints placed on the use by either (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 assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

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

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- a. Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- b. Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- c. Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District board. The District board is the highest level of decision-making authority for the District. These amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Vinton Harbor and Terminal District
Vinton, Louisiana
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Fund Balance Classification – (Continued)

- d. Assigned: This classification includes amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed.
- e. Unassigned: includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. Only the District board may assign amounts for specific purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District board has provided otherwise in its commitment or assignment actions.

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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements

In June 2017, GASB issued Statement No. 87, “Leases.” The statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. GASB Statement 95 has postponed the effective date by eighteen months in light of COVID-19 pandemic. The provisions of GASB Statement No. 87 and 95 are effective for fiscal years beginning after June 15, 2021. The District implemented these Statements in the current year. There was no change in beginning net position or beginning fund balance. See Note 9 for more information.

Recently Issued Accounting Pronouncements

In June 2022, GASB issued Statement No. 101, “Compensated Absences.” The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 31, 2023, with earlier application encouraged. The effect of implementation of the statement of the District’s financial statements has not yet been determined.

Vinton Harbor and Terminal District
Vinton, Louisiana
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - CASH AND CASH EQUIVALENTS

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2022, the District has cash and cash equivalents (book balances) totaling \$657,514. Of this amount, \$63,127 is restricted as described in Note 6.

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. 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.

At December 31, 2022, the District has \$657,559 in deposits (collected bank balances). These deposits are secured from risk by up to \$250,000 of federal deposit insurance and \$603,215 of pledged securities held by the custodial banks in the name of the fiscal agent bank (GASB Category 3).

Deposits held by LAMP at December 31, 2022, consist of \$516,218 in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool (see Summary of Significant Accounting Policies). In accordance with GASB Statement No. 3, the investment in LAMP is not categorized in the three risk categories provided by GASB Statement No. 3 because the investments are in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administrated by LAMP, Inc., a non-profit corporation organized under the laws of the state of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

**Vinton Harbor and Terminal District
Vinton, Louisiana
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2 - CASH AND CASH EQUIVALENTS

- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP’s total investments is (NUMBER- days) (from LAMP’s monthly Portfolio Holdings) as of (DATE – month-end).
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

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

At December 31, 2022, the weighted-average yield on the deposits at LAMP, was 4.3292% and the weighted-average maturity was less than 60 days. LAMP is rated AAAM with Standard and Poor’s.

NOTE 4 - AD VALOREM TAXES

Accounting principles generally accepted in the United States of America for government prescribe a modified accrual basis to be applied to property tax revenues. An assessment is made to finance the budget of a particular period and the revenue produced from any property tax assessment should be recognized in the fiscal period for which it was provided (budgeted) and for which the collections are reasonably available.

For the year ended December 31, 2022, taxes of 2.35 mills were levied on property with assesses valuation totaling approximately \$74,682,775. Total taxes levied for the year ended December 31, 2022 were \$175,505.

Expected collections and collections of the 2022 levy are accrued as receivable and as revenue in the current year (2022). For budget purposes, property taxes collected in 2022 are designated as revenue appropriable in the 2022 budget year.

The following is a summary of authorized and levied (tax rate per \$1,000 assessed value) ad valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date	Tax Amount
Bond	2.50	2.35	Perpetual	\$ 175,505
	2.50	2.35		\$ 175,505

During the year, the tax assessor made adjustments to previous year taxpayer valuations and wrote off a total of \$1,297 worth of taxes. This amount was net against current year ad valorem taxes along with \$357 worth of prior year tax refunds. The District also made a \$119 increase adjustment to their allowance for uncollectible taxes that management deemed necessary. The parish bills and collects its property taxes using the assessed values determined by the Calcasieu Parish Tax Assessor.

Vinton Harbor and Terminal District
Vinton, Louisiana
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSET

Capital assets and depreciation activity as of and for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,580,927	\$ -	\$ -	\$ 1,580,927
Total capital assets not being depreciated	<u>\$ 1,580,927</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,580,927</u>
Capital assets being depreciated:				
Building and building improvements	\$ 1,221,083	\$ 11,429	\$ -	\$ 1,232,512
Equipment	23,871	-	-	23,871
Total capital assets being depreciated	<u>1,244,954</u>	<u>11,429</u>	<u>-</u>	<u>1,256,383</u>
Less accumulated depreciation:				
Buildings and building improvements	479,116	35,215	-	514,331
Equipment	11,475	1,073	-	12,548
Total accumulated depreciation	<u>490,591</u>	<u>36,288</u>	<u>-</u>	<u>526,879</u>
 Total capital assets being depreciated, net	 <u>\$ 754,363</u>	 <u>\$ (24,859)</u>	 <u>\$ -</u>	 <u>\$ 729,504</u>

Depreciation expense for the year ended December 31, 2022, was charged to governmental activities in the amount of \$36,288.

NOTE 6 – RESTRICTED CASH

The District maintains a sinking fund reserve bank account with a balance of \$63,127 as of December 31, 2022 which is controlled by Merchant and Farmers Bank. See note 7 for more details.

Vinton Harbor and Terminal District
Vinton, Louisiana
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 – BONDS PAYABLE

A. Debt Outstanding

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

Bonds payable, December 31, 2021	\$ 645,000
Bonds repaid	(85,000)
Bonds issued	-
Bonds payable, December 31, 2022	\$ 560,000

Debt payable at December 31, 2022 is comprised of the following:

\$1,250,000 Revenue bonds dated May 16, 2013, due in annual installments of \$65,000 - \$100,000 through May 1, 2028, interest at 3.5%	\$ 560,000
--	------------

B. Debt Service Requirement to Maturity

The annual requirements, including interest, to amortize the bonds outstanding as of December 31, 2022 are as follows:

	Principal	Interest
Year Ending December 31,		
2023	\$ 90,000	\$ 17,253
2024	90,000	14,238
2025	90,000	11,223
2026	95,000	8,124
2027	95,000	4,941
Thereafter	100,000	1,675
	\$ 560,000	\$ 57,454

C. Sinking Fund Requirement

The Bond requires the District to make monthly deposits into sinking fund. The payments are to be made on or before the 20th calendar day of each month commencing May 20, 2013, a sum equal to one-sixth (1/6) of the interest on the Bond due on the next Interest Payment Date, and one-twelfth (1/12) of the principal of the Bond due on the next maturity date. The balance of the sinking fund at December 31, 2022 is \$79,186.

NOTE 8 - RISK MANAGEMENT

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

Vinton Harbor and Terminal District
Vinton, Louisiana
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 - LEASE AGREEMENTS

Acreage Lease

The District is in its second 10-year term of a 75-acre lease effective August 1, 2006. The lease has three 10-year renewals left according to original lease. Rent per year for all 75 acres is \$63,483. Attached to this lease are two options to lease additional acres for \$3,844 a year with the same renewal terms. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3%, which is the stated rate in the agreement.

Building Lease

The District leases a building to a tenant for a five-year term starting January 1, 2014. This lease expired on December 31, 2018, with the lessee exercising their option to extend the lease for the first of the two 5-year renewal options. Minimum base rent under the renewal is \$3,450 a month for the next 60 months. After two years from date of commencement of this lease, either party may terminate the lease with a six-month written notice. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3%, which is a rate used on similar leases.

In fiscal year 2022, the District recognized \$90,553 of lease revenue and \$33,845 of interest revenue under these leases.

Future inflow of resources for the years subsequent to December 31, 2022, under existing lease agreements are as follows:

Year Ending December 31,	Amount
2023	\$ 125,390
2024	123,143
2025	120,827
2026	118,441
2027	115,982
2028-2032	540,332
2033-2038	290,078
	\$ 1,434,193

NOTE 10 - CONCENTRATION

The District derives the majority of its rental income from two tenants and is subject to any economic factors that might influence these tenants.

REQUIRED SUPPLEMENTARY INFORMATION

**Vinton Harbor and Terminal District
Vinton, Louisiana**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCE (CASH BUDGETARY BASIS) - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended December 31, 2022

	BUDGET		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		(Unfavorable)
Revenue:				
Ad valorem taxes	\$ 145,000	\$ 161,100	\$ 165,427	\$ 4,327
State revenue sharing	2,500	2,500	-	(2,500)
Intergovernmental		18,514	18,514	-
Rental income	110,523	110,523	110,524	1
Right-a-way income	-	136,827	136,827	
Royalty income	35,000	74,000	75,222	1,222
Dirt income	-	12,170	12,169	(1)
Interest income	4,200	7,950	-	(7,950)
Investment earnings	250	7,000	17,465	10,465
Hurricane insurance proceeds in excess of hurricane expenditures	-	335,000	335,000	-
Total revenues	297,473	865,584	871,148	5,564
Expenditures:				
Governmental				
Advertising	1,000	1,000	772	228
Attorney fees	1,500	25,441	25,441	-
Auditing	5,000	7,300	7,300	-
Bank Charges	300	300	244	56
Box rent	200	224	-	224
Contract work	25,000	10,000	6,333	3,667
Dues	2,500	2,500	2,525	(25)
Engineering fees	10,000	21,500	21,607	(107)
Insurance	26,400	38,120	38,159	(39)
IT services	9,000	11,000	11,006	(6)
Material and supplies	5,000	5,000	548	4,452
Office supplies	1,510	1,620	498	1,122
Per diem	5,573	5,573	5,315	258
Registration expense	500	1,430	1,430	-
Repairs and maintenance	3,500	62,271	62,219	52
Secretarial service	14,961	14,961	14,961	-
Taxes - payroll	7,000	7,000	7,080	(80)

See accompanying notes and independent auditors' report.

**Vinton Harbor and Terminal District
Vinton, Louisiana**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCE (CASH BUDGETARY BASIS) - BUDGET AND ACTUAL
GENERAL FUND - (Continued)
For the Year Ended December 31, 2022**

	BUDGET		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures:				
Governmental - (Continued)				
Telephone	720	720	720	-
Travel	1,500	1,650	1,543	107
Trustee fee	600	600	600	-
Debt service:				
Bond principal payment	85,000	85,000	85,000	-
Bond interest	20,000	20,000	20,184	(184)
Total expenditures	<u>226,764</u>	<u>323,210</u>	<u>313,485</u>	<u>9,725</u>
Net change in fund balance	70,709	542,374	557,663	15,289
Fund balance at beginning of year	<u>1,069,130</u>	<u>1,069,130</u>	<u>1,069,130</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,139,839</u>	<u>\$ 1,611,504</u>	<u>\$ 1,626,793</u>	<u>\$ 15,289</u>

See accompanying notes and independent auditors' report.

Vinton Harbor and Terminal District
Vinton, Louisiana
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2022

BUDGET PRACTICES

The District Attorney utilizes the following budget practices:

1. Formal budgeting integration is employed as a management control device during the year. Budgets are adopted on a basis consistent with generally accepted accounting principles.
2. On December 1st of each year, a budget for the subsequent year is prepared for the general fund and the special revenue funds.
3. The District approves the budgets and it is available for public inspection no later than fifteen days prior to the beginning of the calendar year.
4. Any budgetary amendments must be approved by the District. During the year an amendment was made to the original budgets and is reflected in the budget comparison.
5. All budgetary appropriations lapse at year end.
6. The budget is adopted on a basis consistent with GAAP. Budgeted amounts are as originally adopted or as finally amended by the District.
7. The District does not use encumbrance accounting in the General Fund.

OTHER SUPPLEMENTARY INFORMATION

**Vinton Harbor and Terminal District
Vinton, Louisiana
December 31, 2022**

COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid to the Vinton Harbor and Terminal District members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the Vinton Harbor and Terminal District members is included in the general administrative expenditures of the General Fund. Members of the governing board receive compensation pursuant to Louisiana Revised Statute 34:334.12. This was amended by House Bill No. 1656 to allow the commissioners to receive up to \$70 per diem for each regular and special meeting attended, to a maximum of twelve meetings per year. The president shall be paid \$250 for each regular and special meeting attended, to a maximum of twelve meetings per year.

Schedule of Compensation Paid Board Members
For the Year Ended December 31, 2022

<u>BOARD MEMBER</u>	<u>PER DIEM AMOUNT</u>
Charles Broussard	\$ 770
Alexis Morrow, Jr.	840
Steven Jennings	630
Jerry Merchant	3,000
Haley Bellard	840
Total	<u>\$ 6,080</u>

**Vinton Harbor and Terminal District
Vinton, Louisiana**

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD**

For the Year Ended December 31, 2022

Agency Head Name: Jerry Merchant, President

<u>Purpose</u>	<u>Amount</u>
Per Diem	\$ 3,000
Telephone	720
Travel	1,327
Other	173
	<u>\$ 5,220</u>

COMPLIANCE AND INTERNAL CONTROL



Langley, Williams
& Company, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

LESTER LANGLEY, JR.
DANNY L. WILLIAMS
PHILLIP D. ABSHIRE, JR.
DAPHNE BORDELON BERKEN

NICHOLAS J. LANGLEY
PHILLIP D. ABSHIRE, III
SARAH CLARK WERNER
ALEXIS H. O'NEAL
JESSICA LOTT-HANSEN

**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
Vinton Harbor and Terminal District
Vinton, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Vinton Harbor and Terminal District, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise of the Vinton Harbor and Terminal District's basic financial statements and have issued our report thereon dated June 29, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Vinton Harbor and Terminal 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 Vinton Harbor and Terminal District's, internal control. Accordingly, we do not express an opinion on the effectiveness of the Vinton Harbor and Terminal 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 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 22- 01(IC) that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Vinton Harbor and Terminal 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 the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard*.

Vinton Harbor and Terminal District Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Lake Charles, Louisiana
June 29, 2022

Vinton Harbor and Terminal District
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

SECTION 1 – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? NO
- Significant deficiencies identified that are not
considered to be material weaknesses? YES

Noncompliance material to financial statements noted? NO

Federal Awards

Not applicable

Vinton Harbor and Terminal District

**Current Year Findings with Corrective Action Plan
For the Year Ended December 31, 2022**

A. Internal Control:

22-01 (IC) – Segregation of Duties

Criteria: Proper internal controls require that accounting duties be performed by separate individuals so that one individual could not perpetrate and conceal errors or irregularities without them being detected by another individual who was performing his or her assigned duties.

Condition: Accounting and financial functions are not adequately segregated.

Cause: Limited number of employees due to the small size of the District.

Effect: Errors or irregularities may not be detected within a timely period.

Recommendation: Present all transactions to the board of commissioners at their monthly regular schedule meeting for their review and approval.

Management's Response and Corrective Action Plan: It is not feasible to correct this deficiency based on the size of the District. The Board of Directors reviews and approves all checks before distribution and reviews all bank statements for unusual items on a monthly basis.

B. Compliance:

There were no findings with regards to compliance for the current year.

Vinton Harbor and Terminal District
Schedule of Prior Year Findings
For the Year Ended December 31, 2022

A. Internal Control:

21-01 (IC) – Segregation of Duties

Criteria: Proper internal controls require that accounting duties be performed by separate individuals so that one individual could not perpetrate and conceal errors or irregularities without them being detected by another individual who was performing his or her assigned duties.

Condition: Accounting and financial functions are not adequately segregated.

Current Status: See schedule of findings, item 2022-01 (IC)



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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Governing Board of the Vinton Harbor and Terminal 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. Vinton Harbor and Terminal District’s management is responsible for those C/C areas identified in the SAUPs.

Vinton Harbor and Terminal 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*

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

- 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).
- 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.
- 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.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- 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).
- 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.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- 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.
- 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.

We obtained a copy of the District's written policies and procedures to ascertain that they addressed each of the categories and subcategories listed above.

Exception: Per our inspection of the policies and procedures of the District, we noted that the District did have written policies and procedures but they were missing some of the subcategories listed under the main categories listed above.

Management's response: Management is in the process of updating their policies and procedures to address the above exceptions.

2) Board or Finance Committee

- 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.
There were no exceptions noted as a result of applying this procedure.
 - 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.
There were no exceptions noted as a result of applying this procedure.
 - 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.
There were no exceptions noted as a result of applying this procedure.
 - 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.
There were no exceptions noted as a result of applying this procedure.

3) Bank Reconciliations

- 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);
There were no exceptions noted as a result of applying this procedure.
 - 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
There were no exceptions noted as a result of applying this procedure.
 - 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 exceptions noted as a result of applying this procedure.

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 all deposit sites for the fiscal period and management's representation that the listing is complete.

- 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;

There were no exceptions noted as a result of applying this procedure.

- 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;

Exception: The person responsible for collecting cash is responsible for preparing/making bank deposits.

Management's response: Management has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible and the board reviews all financial documents at their monthly board meetings.

- 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

Exception: The person responsible for collecting cash is responsible for posting collection entries to the general ledger.

Management's response: Management has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible and the board reviews all financial documents at their monthly board meetings.

- i. 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.

There were no exceptions noted as a result of applying this procedure.

- 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.

There were no exceptions noted as a result of applying this procedure.

- 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). Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
The entity only receives money from ad valorem taxes and other periodic payments; therefore, they will not have a system in place to issue sequentially pre-numbered receipts thus making this procedure not applicable.
 - i. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
There were no exceptions noted as a result of applying this procedure.
 - ii. Trace the deposit slip total to the actual deposit per the bank statement.
There were no exceptions noted as a result of applying this procedure.
 - iii. 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).
There were no exceptions noted as a result of applying this procedure.
 - iv. Trace the actual deposit per the bank statement to the general ledger.
There were no exceptions noted as a result of applying this procedure.

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 all deposit sites for the fiscal period and management's representation that the listing is complete.
- 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;
There were no exceptions noted as a result of applying this procedure.
 - ii. At least two employees are involved in processing and approving payments to vendors;
There were no exceptions noted as a result of applying this procedure.

- 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;

There were no exceptions noted as a result of applying this procedure.

- 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

Exception: We noted the employee responsible for processing payments is responsible for mailing the payments.

Management's response: Management has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible and the board reviews all financial documents at their monthly board meetings.

- 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.

There were no exceptions noted as a result of applying this procedure.

- 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

There were no exceptions noted as a result of applying this procedure.

- 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.

Exception: The disbursement documentation did not include evidence of the segregation of duties.

Management's response: Management has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible and the board reviews all financial documents at their monthly board meetings.

- 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.

The District does not use electronic disbursements besides for payroll taxes. These are approved at monthly board meeting.

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.

Per inquiry with management and review of general ledger, there were no credit card transactions in current year making this procedure not applicable.

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

Per inquiry with management and review of general ledger, there were no credit card transactions in current year making this procedure not applicable.

- 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.

Per inquiry with management and review of general ledger, there were no credit card transactions in current year making this procedure not applicable.

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);

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

- 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

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

8) *Contracts*

- 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;

There were no exceptions noted as a result of applying this procedure.

- 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);

There were no exceptions noted as a result of applying this procedure.

- 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

There were no exceptions noted as a result of applying this procedure.

- 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.

There were no exceptions noted as a result of applying this procedure.

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.

There were no exceptions noted as a result of applying this procedure.

- 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);
There were no exceptions noted as a result of applying this procedure.
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
There were no exceptions noted as a result of applying this procedure.
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
There were no exceptions noted as a result of applying this procedure.
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
There were no exceptions noted as a result of applying this procedure.
- 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.
There were no terminated employees during the year, thus making this procedure not applicable.
- 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.
There were no exceptions noted as a result of applying this procedure.

10) Ethics

- 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
There were no exceptions noted as a result of applying this procedure.
 - 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.
There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

11) Debt Service

- 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.

No debt was issued during the fiscal period. Therefore, this procedure is not applicable.

- 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).

There were no exceptions noted as a result of applying this procedure.

12) Fraud Notice

- 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.

There were no exceptions noted as a result of applying this procedure.

- 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.

There were no exceptions noted as a result of applying this procedure.

13) Information Technology Disaster Recovery/Business Continuity

- 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.

There were no terminated employees during the year, thus making this procedure not applicable.

14) Prevention of Sexual Harassment

- 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.

There were no exceptions noted as a result of applying this procedure.

- 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).

There were no exceptions noted as a result of applying this procedure.

- 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:

- 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.

There were no exceptions noted as a result of applying this procedure.

We were engaged by Vinton Harbor and Terminal 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 Vinton Harbor and Terminal 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.

A handwritten signature in blue ink that reads "Langley, Williams & Co, LLP".

Langley, Williams & Co, LLC
Lake Charles, Louisiana
June 29, 2022