

**St. Lawrence Seaway Pilots' Association  
Contract # GS-23F-0124M**

**Independent Accountant's Report on  
Applying Agreed-Upon Procedures**

**December 31, 2014**

# St. Lawrence Seaway Pilots' Association

## Index

	Page
Independent Accountant's Report on Applying Agreed-Upon Procedures	2
Summary of Agreed-Upon Procedures and Results	
I. Overview	3
II. Evaluation of Reported Revenue	3
Summary of Findings and Recommendations	5

Independent Accountant's Report on Applying Agreed-Upon Procedures

United States Coast Guard  
Great Lakes Pilotage Division

We have performed the procedures enumerated in the accompanying Summary of Agreed-upon Procedures and Results, which were agreed to by the United States Coast Guard ("USCG") solely to assist you in evaluating certain aspects of the revenue earned by the St. Lawrence Seaway Pilots' Association ("District 1" or the "Association") for the year ended December 31, 2014, as explained in Section I of the report. The USCG is responsible for evaluating such revenue earned. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the USCG. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are included in the accompanying Summary of Agreed-upon Procedures and Results and in the accompanying Summary of Findings and Recommendations, respectively.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the United States Coast Guard and the St. Lawrence Seaway Pilots' Association, and is not intended to be and should not be used by anyone other than those specified parties.

*CohnReznick LLP*

Bethesda, Maryland  
October 16, 2015

## St. Lawrence Seaway Pilots' Association

### Summary of Agreed-Upon Procedures and Results

#### I. OVERVIEW

The Great Lakes Pilotage Division is responsible for the oversight of the St. Lawrence Seaway Pilots' Association (herein referred to as "District 1"), as well as two other pilot associations, which provide piloting services in the Great Lakes region. The procedures listed below are performed on the pilotage revenue reported in the audited financial statement of District 1 for the period ended December 31, 2014 in order to assist the Great Lakes Pilotage Division in determining the existence and accuracy of the pilotage revenue reported.

#### II. EVALUATION OF REPORTED REVENUE

##### Procedure:

Obtain general ledger of District 1 for the year ended December 31, 2014 and perform the following procedures:

1. Select general ledger accounts in which pilotage revenue is recorded.
2. Agree the selected general ledger account balances to the pilotage revenue reported in District 1's audited financial statements as of December 31, 2014.
3. Select a sample of pilotage revenue transactions and evaluate the results of the following procedures performed and identify quantitative and/or qualitative exceptions, if any. Quantitative exceptions will be extrapolated to corresponding general ledger account balances and listed in the Summary of Findings and Recommendations if they exceed 3% of planning materiality. Qualitative exceptions, which are defined as differences in the date, vessel name, agent name or invoice number (see procedure 3.vi below), will be listed in the Summary of Findings and Recommendations.
  - i Calculate planning materiality and performance materiality (PeM or 75% of planning materiality) based on total pilotage revenue reported using industry guidelines.
  - ii Select all individually significant items in the general ledger accounts selected for testing. Individual transactions greater than 1/3 of PeM are considered individually significant.
  - iii Using an accounting industry standard sampling form and assessing the risk of material misstatement at high, determine the appropriate sample size with respect to the population of transactions remaining after procedure 3.ii above.
  - iv Obtain the related source form and invoice from the Association for each transaction selected for testing.
  - v Agree the amount of each revenue transaction selected to the corresponding invoice.
  - vi Agree the following information from the invoice to the source form:
    - i Date;
    - ii Total costs;

**St. Lawrence Seaway Pilots' Association**

**Summary of Agreed-Upon Procedures and Results - Continued**

- iii Vessel name;
- iv Agent name; and
- v Invoice number

**Results:**

The following are the results of performing the procedures above for the year ended December 31, 2014:

1. The revenue generated in St. Lawrence Seaway Pilots' Association for providing pilotage services is \$4,496,122. General ledger accounts in which pilotage revenue are recorded are 4101100 - Earnings Pool-River and 4101200 - Earnings Pool-Lake. No exceptions were noted as a result of performing these procedures.
2. Selected general ledger account balances agree with pilotage revenue reported in District 1's audited financial statements as of December 31, 2014. No exceptions were noted as a result of performing these procedures.
3. A sample, consisting of 346 pilotage revenue transactions, was selected. No exceptions were noted as a result of performing procedure 3.v. No quantitative exceptions were noted as a result of performing procedure 3.vi. The following qualitative exceptions were noted as a result of performing procedure 3.vi:

<u>Qualitative Factors</u>	<u># of Exceptions</u>	<u>Finding Reference</u>
Vessel name	1	D1-14-01
Agent name	14	D1-14-02
<b>Total:</b>	<b>15</b>	

**St. Lawrence Seaway Pilots' Association**  
**Summary of Findings and Recommendations**

The following findings detail qualitative exceptions noted, as identified in section II of the previous report.

Finding Number: D1-14-01

Finding Title: Incorrect vessel name

Condition:

The Association reported the incorrect vessel name on an invoice.

Criteria:

N/A

Effect:

Invoice does not accurately reflect the vessel used to conduct the activity being invoiced.

Cause:

This was caused by incorrect data input while generating the invoice.

Recommendation:

Invoices generated should be reviewed to ensure accuracy.

Finding Number: D1-14-02

Finding Title: Incorrect agent name

Condition:

The Association reported the incorrect agent name on fourteen source forms.

Criteria:

N/A

Effect:

Source forms do not accurately reflect the agent being invoiced for the job performed.

Cause:

This was caused by incorrect data input while generating the source form.

**St. Lawrence Seaway Pilots' Association**

**Summary of Findings and Recommendations - Continued**

Recommendation:

Source forms generated should be reviewed to ensure accuracy.

**Lakes Pilots Association, Inc.  
Contract # GS-23F-0124M**

**Independent Accountant's Report on  
Applying Agreed-Upon Procedures**

**December 31, 2014**



**Lakes Pilots Association, Inc.**

Index

	<u>Page</u>
Independent Accountant's Report on Applying Agreed-Upon Procedures	2
Summary of Agreed-Upon Procedures and Results	
I. Overview	3
II. Evaluation of Reported Revenue	3
Summary of Findings and Recommendations	5

Independent Accountant's Report on  
Applying Agreed-Upon Procedures

United States Coast Guard  
Great Lakes Pilotage Division

We have performed the procedures enumerated in the accompanying Summary of Agreed-upon Procedures and Results, which were agreed to by the United States Coast Guard ("USCG") solely to assist you in evaluating certain aspects of the revenue earned by the Lakes Pilots Association, Inc. ("District 2" or the "Association") for the year ended December 31, 2014, as explained in Section I of the report. The USCG is responsible for evaluating such revenue earned. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the USCG. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are included in the accompanying Summary of Agreed-upon Procedures and Results and in the accompanying Summary of Findings and Recommendations, respectively.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the United States Coast Guard and the Lakes Pilots Association, Inc., and is not intended to be and should not be used by anyone other than those specified parties.

*CohnReznick LLP*

Bethesda, Maryland  
October 16, 2015

## Lakes Pilots Association, Inc.

### Summary of Agreed-Upon Procedures and Results

#### I. OVERVIEW

The Great Lakes Pilotage Division is responsible for the oversight of the Lakes Pilots Association, Inc. (herein referred to as "District 2"), as well as two other pilot associations, which provide piloting services in the Great Lakes region. The procedures listed below are performed on the pilotage revenue reported in the audited financial statement of District 2 for the period ended December 31, 2014 in order to assist the Great Lakes Pilotage Division in determining the existence and accuracy of the pilotage revenue reported.

#### II. EVALUATION OF REPORTED REVENUE

##### Procedure:

Obtain general ledger of District 2 for the year ended December 31, 2014 and perform the following procedures:

1. Select general ledger accounts in which pilotage revenue is recorded.
2. Agree the selected general ledger account balances to the pilotage revenue reported in District 2's audited financial statements as of December 31, 2014.
3. Select a sample of pilotage revenue transactions and evaluate the results of the following procedures performed and identify quantitative and/or qualitative exceptions, if any. Quantitative exceptions will be extrapolated to corresponding general ledger account balances and listed in the Summary of Findings and Recommendations if they exceed 3% of planning materiality. Qualitative exceptions, which are defined as differences in the date, vessel name, agent name or invoice number (see procedure 3.vi below), will be listed in the Summary of Findings and Recommendations.
  - i Calculate planning materiality and performance materiality (PeM or 75% of planning materiality) based on total pilotage revenue reported using industry guidelines.
  - ii Select all individually significant items in the general ledger accounts selected for testing. Individual transactions greater than 1/3 of PeM are considered individually significant.
  - iii Using an accounting industry standard sampling form and assessing the risk of material misstatement at high, determine the appropriate sample size with respect to the population of transactions remaining after procedure 3.ii above.
  - iv Obtain the related source form and invoice from the Association for each transaction selected for testing.
  - v Agree the amount of each revenue transaction selected to the corresponding invoice.
  - vi Agree the following information from the invoice to the source form:
    - i Date;
    - ii Total costs;
    - iii Vessel name;

**Lakes Pilots Association, Inc.**

**Summary of Agreed-Upon Procedures and Results**

- iv Agent name; and
- v Invoice number

Results:

The following are the results of performing the procedures above for the year ended December 31, 2014:

1. The revenue generated in Lakes Pilots Association, Inc. for providing pilotage services is \$5,492,052. General ledger accounts in which pilotage revenue is recorded are 41000 - Pilotage and 41020 - Detention. No exceptions were noted as a result of performing these procedures.
2. Selected general ledger account balances agree with pilotage revenue reported in District 2's audited financial statements as of December 31, 2014. No exceptions were noted as a result of performing these procedures.
3. A sample, consisting of 392 pilotage revenue transactions, was selected. No exceptions were noted as a result of performing procedure 3.v. No quantitative exceptions were noted as a result of performing procedure 3.vi. The following qualitative exceptions were noted as a result of performing procedure 3.vi:

<u>Qualitative Factors</u>	<u># of Exceptions</u>	<u>Finding Reference</u>
Date	All	D2-14-01
Agent	2	D2-14-02
Invoice number	1	D2-14-03
<b>Total:</b>	<b>3</b>	

**Lakes Pilots Association, Inc.**

**Summary of Findings and Recommendations**

The following findings detail qualitative exceptions noted, as identified in section II of the previous report.

Finding Number: D2-14-01

Finding Title: Omission of source form date on invoices

Condition:

The Association did not include the source form date on its invoices.

Criteria:

N/A

Effect:

Invoices do not accurately reflect the performance period of activity being invoiced.

Cause:

This was caused by the Association omitting the source form date while generating the invoice.

Recommendation:

Invoices generated should include the source form date to ensure accurate invoicing.

Finding Number: D2-14-02

Finding Title: Incorrect and omission of agent name

Condition:

The Association omitted the name of the agent on one source form and reported the incorrect name on another.

Criteria:

N/A

Effect:

Source forms do not accurately reflect the agent being invoiced for the job performed.

Cause:

This was caused by incorrect data input while generating the source form.

**Lakes Pilots Association, Inc.**

**Summary of Findings and Recommendations**

Recommendation:

Source forms generated should be reviewed to ensure accuracy.

Finding Number: D2-14-03

Finding Title: Omission of invoice number

Condition:

The Association did not include the invoice number date on one of its source forms.

Criteria:

N/A

Effect:

The invoice number reflected on the invoice and does not agree to the invoice number reflected on the source form.

Cause:

This was caused by incorrect data input while generating the invoice and source form.

Recommendation:

Invoices and source forms generated should be reviewed to ensure accuracy.

**Western Great Lakes Pilots  
Association, LLP  
Contract # GS-23F-0124M**

**Independent Accountant's Report on  
Applying Agreed-Upon Procedures**

**December 31, 2014**

# Western Great Lakes Pilots Association, LLP

## Index

	<u>Page</u>
Independent Accountant's Report on Applying Agreed-Upon Procedures	2
Summary of Agreed-Upon Procedures and Results	
Overview	3
Evaluation of Reported Revenue	3
Summary of Findings and Recommendations	6



Independent Accountant's Report on  
Applying Agreed-Upon Procedures

United States Coast Guard  
Great Lakes Pilotage Division

We have performed the procedures enumerated in the accompanying Summary of Agreed-upon Procedures and Results, which were agreed to by the United States Coast Guard ("USCG") solely to assist you in evaluating certain aspects of the revenue earned by the Western Great Lakes Pilots Association, LLP ("District 3" or the "Association") for the year ended December 31, 2014, as explained in Section I of the report. The USCG is responsible for evaluating such revenue earned. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the USCG. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are included in the accompanying Summary of Agreed-upon Procedures and Results and in the accompanying Summary of Findings and Recommendations, respectively.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the United States Coast Guard and the Western Great Lakes Pilots Association, LLP, and is not intended to be and should not be used by anyone other than those specified parties.

*CohnReznick LLP*

Bethesda, Maryland  
October 16, 2015

## Western Great Lakes Pilots Association, LLP

### Summary of Agreed-Upon Procedures and Results

#### I. OVERVIEW

The Great Lakes Pilotage Division is responsible for the oversight of the Western Great Lakes Pilots Association (herein referred to as "District 3"), as well as two other pilot associations, which provide piloting services in the Great Lakes region. The procedures listed below are performed on the pilotage revenue reported in the audited financial statement of District 3 for the period ended December 31, 2014 in order to assist the Great Lakes Pilotage Division in determining the existence and accuracy of the pilotage revenue reported.

#### II. EVALUATION OF REPORTED REVENUE

##### Procedure:

Obtain general ledger of District 3 for the year ended December 31, 2014 and perform the following procedures:

1. Select general ledger accounts in which pilotage revenue is recorded.
2. Agree the selected general ledger account balances to the pilotage revenue reported in District 3's audited financial statements as of December 31, 2014.
3. Select a sample of United States pilotage revenue transactions and evaluate the results of the following procedures performed and identify quantitative and/or qualitative exceptions, if any (pilotage revenue transactions associated with Canadian revenue will be excluded from sampling population and will not be selected for testing). Quantitative exceptions will be extrapolated to corresponding general ledger account balances and listed in the Summary of Findings and Recommendations if they exceed 3% of planning materiality. Qualitative exceptions, which are defined as differences in the date, vessel name, agent name or invoice number (see procedure 3.vi below), will be listed in the Summary of Findings and Recommendations.
  - i Calculate planning materiality and performance materiality (PeM or 75% of planning materiality) based on total pilotage revenue reported using industry guidelines.
  - ii Select all individually significant items in the general ledger accounts selected for testing. Individual transactions greater than 1/3 of PeM are considered individually significant.
  - iii Using an accounting industry standard sampling form and assessing the risk of material misstatement at high, determine the appropriate sample size with respect to the population of transactions remaining after procedure 3.ii above.
  - iv Obtain the related source form and invoice from the Association for each transaction selected for testing.
  - v Agree the amount of each revenue transaction selected to the corresponding invoice.
  - vi Agree the following information from the invoice to the source form:

## Western Great Lakes Pilots Association, LLP

### Summary of Agreed-Upon Procedures and Results - Continued

- i Date;
- ii Total costs;
- iii Vessel name;
- iv Agent name; and
- v Invoice number

#### Results:

The following are the results of performing the procedures above for the year ended December 31, 2014:

1. The revenue generated in Western Great Lakes Pilots Association, LLP for providing pilotage services is \$6,886,899. General ledger accounts in which pilotage revenue is recorded are:
  - 4000 · Pilotage/Lake Huron;
  - 4003 · Dock/Undock Goderich;
  - 4005 · Dock-Undock/Odd Ports Lake Huron;
  - 4010 · Pilotage/Lake Michigan;
  - 4015 · Dock-Undock/Chicago;
  - 4020 · Dock-Undock/Burns Harbor;
  - 4030 · Dock-Undock/Green Bay;
  - 4035 · Dock-Undock/Milwaukee;
  - 4037 · Dock/Undock Menominee-Marinette;
  - 4040 · Dock-Undock/Odd Ports Lake Michigan;
  - 4045 · Pilotage/St. Mary's River;
  - 4050 · Pilotage/Lake Superior;
  - 4055 · Dock-Undock/Duluth;
  - 4060 · Dock-Undock/Superior;
  - 4065 · Dock-Undock/Thunder Bay;
  - 4073 · Carried Beyond Change Point;

**Western Great Lakes Pilots Association, LLP**

**Summary of Agreed-Upon Procedures and Results - Continued**

- 4075 - Detention;
- 4080 - Delay;
- 4085 - Cancellation;
- 4101 - Contracted Winter Nav. Income;
- 4102 - Contracted Winter Nav. Income;
- 4110 - Pilot Boat Charge; and
- 4115 - Airfare

No exceptions were noted as a result of performing these procedures.

2. Selected general ledger account balances agree with pilotage revenue reported in District 3's audited financial statements as of December 31, 2014. No exceptions were noted as a result of performing these procedures.
3. A sample, consisting of 403 pilotage revenue transactions, was selected. No exceptions were noted as a result of performing procedure 3.v. No quantitative exceptions were noted as a result of performing procedure 3.vi. The following qualitative exceptions were noted as a result of performing procedure 3.vi:

<u>Qualitative Factors</u>	<u># of Exceptions</u>	<u>Finding Reference</u>
Vessel name	3	D3-14-01
<b>Total:</b>	<b>3</b>	

**Western Great Lakes Pilots Association, LLP**

**Summary of Findings and Recommendations**

The following findings detail qualitative exceptions noted, as identified in section II of the previous report.

Finding Number: D3-14-01

Finding Title: Incorrect vessel name

Condition:

The Association reported the incorrect vessel name on three invoices.

Criteria:

N/A

Effect:

Invoice does not accurately reflect the vessels used to conduct the activity being invoiced.

Cause:

This was caused by incorrect data input while generating the invoice.

Recommendation:

Invoices generated should be reviewed to ensure accuracy.