

# **Terrebonne Port Commission**

Annual Financial Report  
As of and for the  
Year Ended December 31, 2020

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Annual Financial Report  
As of and for the Year Ended December 31, 2020

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners  
Terrebonne Port Commission  
Terrebonne Parish Consolidated Government  
Houma, Louisiana

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

We have audited the accompanying financial statements of the business-type activities of the Terrebonne Port Commission (the Commission), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Terrebonne Port Commission, as of December 31, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Terrebonne Port Commission's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to the Port Director on page 22 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to the Port Director 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to the Port Director 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 May 31, 2021 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.



Houma, Louisiana  
May 31, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis  
December 31, 2020

As management of the Terrebonne Port Commission (the Commission), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Port for the year ended December 31, 2020.

**FINANCIAL HIGHLIGHTS**

- The Port Commission's assets exceeded its liabilities by \$93,086,535 (net position) as of December 31, 2020.
- The Commission's total net position increased by \$4,099,610.
- The Port Commission received state and local contributions totaling \$6,388,934 for capital projects.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction to the Commission's basic financial statements. The Terrebonne Port Commission's basic financial statements consist of four components: 1) Statement of Net Position 2) Statement of Revenues, Expenses, and Change in Net Position, 3) Statement of Cash Flows, and 4) Notes to Financial Statements.

**Statement of Net Position.** This statement presents the Terrebonne Port Commission's assets and liabilities, with the difference of assets and liabilities reported as net position. The fluctuation in net position can be used as an indication of whether the financial position of the Commission is improving or deteriorating.

**Statement of Revenues, Expenses, and Change in Net Position.** Consistent with the full accrual basis method of accounting, this statement accounts for current year revenues and expenses regardless of when cash is received or paid. The statement also exhibits the relationship of revenues and expenses with the change in net position.

**Statement of Cash Flows.** The statement of cash flows illustrates the cash inflows and outflows of the Terrebonne Port Commission.

**Notes to Financial Statements.** The accompanying notes provide additional information essential to a full understanding of the data provided in the basic financial statements.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis  
December 31, 2020

**BASIC FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the Commission, assets exceeded liabilities by \$93,086,535 at the close of the most recent year, December 31, 2020. The largest portion of the Commission's total assets is net capital assets (96%).

**The Commission's Net Position**

	December 31,	
	2020	2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,994,739	\$ 1,881,426
Receivable	69,308	45,565
Due from other governmental units	-	2,749,367
Prepaid expenses	20,684	117,407
Capital assets, net of accumulated depreciation	100,789,386	103,816,037
Total assets	<u>104,874,117</u>	<u>108,609,802</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued expenses	227,527	3,313,606
Due to Terrebonne Parish Consolidated Government	4,664	15,051
Revenue bonds		
Due within one year	454,824	439,830
Due in more than one year	11,100,567	11,555,390
Certificates of indebtedness		
Due within one year	-	655,000
Due in more than one year	-	3,644,000
Total liabilities	<u>11,787,582</u>	<u>19,622,877</u>
<b>NET POSITION</b>		
Net investment in capital assets	89,233,995	87,521,817
Unrestricted	3,852,540	1,465,108
Total net position	<u>\$ 93,086,535</u>	<u>\$ 88,986,925</u>

- Total assets decreased by \$3,735,685, and total liabilities decreased by \$7,835,295.
- The decrease in assets is attributable to decreases in net capital assets of \$3,026,651 and due from other governmental units of \$2,749,367.
- The decrease in liabilities is attributable to the retirement of the certificates of indebtedness and having no significant payables for capital projects at year-end.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis  
December 31, 2020

During the year, the Commission's net position increased by \$4,099,610. The elements of the increase are as follows:

**The Commission's Change in Net Position**

	Year Ended December 31,	
	2020	2019
<b>REVENUES</b>		
Rental fees - bulkhead and dry dock	\$ 1,791,209	\$ 841,254
Rental fees - parcels of land	507,755	554,169
Rental fees - office	352,709	373,651
Total revenues	2,651,673	1,769,074
<b>OPERATING EXPENSES</b>		
Depreciation	3,661,393	3,062,336
Contractual services	394,890	228,192
Personal services	372,410	369,314
Other services and charges	105,657	161,782
Repairs and maintenance	18,923	22,258
Supplies, materials, and technology	13,421	13,199
Total expenses	4,566,694	3,857,081
<b>OTHER INCOME (EXPENSE)</b>		
Interest income	25,351	813
Interest expense	(399,654)	(357,578)
Total other expense	(374,303)	(356,765)
<b>LOSS BEFORE CONTRIBUTIONS</b>	(2,289,324)	(2,444,772)
<b>CAPITAL CONTRIBUTIONS</b>	6,388,934	14,182,086
<b>INCREASE IN NET POSITION</b>	\$ 4,099,610	\$ 11,737,314

As indicated above, net position increased by \$4,099,610. This increase is primarily the result of capital contributions received and an increase in rental fees.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis  
December 31, 2020

**The Commission's Cash Flows**

	Year Ended December 31,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from tenants	\$ 2,627,930	\$ 1,767,698
Cash paid to employees and suppliers	(1,179,031)	(591,922)
Net cash flows provided by operating activities	1,448,899	1,175,776
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>		
Investment income	25,351	813
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(3,360,755)	(20,615,594)
Capital contributions	9,138,301	12,036,821
Proceeds from revenue bonds	-	9,460,000
Principal payments on revenue bonds	(439,829)	-
Principal payments on certificates of indebtedness	(4,299,000)	(633,000)
Interest payments	(399,654)	(357,578)
Net cash flows provided by (used in) capital and related financing activities	639,063	(109,351)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ 2,113,313</b>	<b>\$ 1,067,238</b>

Total cash and cash equivalents increased by \$2,113,313. This increase from the prior year is primarily due to the increase in rental fees received and the decrease in capital assets purchased.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis  
December 31, 2020

**CAPITAL ASSETS**

Capital assets include land, construction in progress, land improvements, equipment, buildings, and infrastructure recorded at a historical cost of \$128,677,421. Accumulated depreciation as of December 31, 2020 is \$27,888,036 resulting in an ending book balance of \$100,789,386. Capital additions during the year totaled \$634,742, consisting primarily of infrastructure. Depreciation expense of \$3,661,393 was recorded for the year.

More detailed information about the capital assets is presented in the notes to financial statements. However, a summary of current and prior year capital assets is found below:

	2020	2019
Land	\$ 2,500,797	\$ 2,500,797
Construction in progress	348,894	14,458,383
Land improvements	4,139,902	4,139,902
Equipment	108,162	104,013
Buildings	8,911,181	8,911,181
Infrastructure	112,668,486	97,928,404
	128,677,422	128,042,680
Less accumulated depreciation	(27,888,036)	(24,226,643)
Total capital assets, net	\$ 100,789,386	\$ 103,816,037

**LOAN AGREEMENTS**

During the year ended December 31, 2020, certificates of indebtedness were retired with principal payments of \$4,299,000. Interest paid on certificates of indebtedness was \$179,065.

Principal of \$284,829 was paid on the 2018 Series revenue bond during the year resulting in an ending balance of \$7,710,391 as of December 31, 2020. Principal of \$155,000 was paid on the 2019 Series revenue bond resulting in an ending balance of \$3,845,000 as of December 31, 2020. Interest paid on these revenue bonds was \$220,589 for the year ended December 31, 2020.

More detailed information about these loan agreements is presented in the notes to financial statements.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis  
December 31, 2020

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Commission's finances for all those with such an interest. Call the Terrebonne Port Commission office (985-873-6428), and speak to David Rabalais, Port Director, if you should have any further questions concerning any of the information provided in this report or have a request for additional financial information.

**FINANCIAL STATEMENTS**

**Terrebonne Port Commission**  
 Terrebonne Parish Consolidated Government  
 Proprietary Fund – Enterprise Fund

Statement of Net Position  
 December 31, 2020

**ASSETS**

Current assets

Cash and cash equivalents	\$ 3,994,739
Receivable	69,308
Prepaid insurance	10,684
Prepaid expense	10,000
Total current assets	4,084,731

Capital assets, net of accumulated  
 depreciation of \$27,888,036

100,789,386

**TOTAL ASSETS**

\$ 104,874,117

**LIABILITIES**

Current liabilities

Accounts payable and accrued expenses	\$ 227,527
Due to Terrebonne Parish Consolidated Government	4,664
Total current liabilities	232,191

Revenue bonds

Due within one year	454,824
Due in more than one year	11,100,567
	11,555,391

**TOTAL LIABILITIES**

\$ 11,787,582

**NET POSITION**

Net investment in capital assets	\$ 89,233,995
Unrestricted	3,852,540
	93,086,535

**TOTAL NET POSITION**

\$ 93,086,535

See accompanying notes.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government  
Proprietary Fund – Enterprise Fund

Statement of Revenues, Expenses,  
and Change in Net Position  
Year Ended December 31, 2020

**REVENUES**

Rental fees - bulkhead and dry dock	\$ 1,791,209
Rental fees - parcels of land	507,755
Rental fees - office	352,709

**TOTAL REVENUES**

2,651,673

**EXPENSES**

Depreciation	3,661,393
Contractual services	394,890
Personal services	372,410
Other services and charges	105,657
Repairs and maintenance	18,923
Supplies, materials, and technology	13,421

**TOTAL EXPENSES**

4,566,694

**OPERATING LOSS**

(1,915,021)

**OTHER INCOME (EXPENSE)**

Interest income	25,351
Interest expense	(399,654)

**TOTAL OTHER EXPENSE**

(374,303)

**LOSS BEFORE CONTRIBUTIONS**

(2,289,324)

**CAPITAL CONTRIBUTIONS**

6,388,934

**CHANGE IN NET POSITION**

4,099,610

**NET POSITION - Beginning**

88,986,925

**NET POSITION - Ending**

\$ 93,086,535

See accompanying notes.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government  
Proprietary Fund – Enterprise Fund

Statement of Cash Flows  
Year Ended December 31, 2020

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from tenants	\$ 2,627,930
Cash paid to employees and suppliers	<u>(1,179,031)</u>
Net cash flows provided by operating activities	<u>1,448,899</u>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>	
Investment income received	<u>25,351</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	(3,360,755)
Capital contributions	9,138,301
Principal payments on revenue bonds	(439,829)
Principal payments on certificates of indebtedness	(4,299,000)
Interest payments	<u>(399,654)</u>
Net cash flows provided by capital and related financing activities	<u>639,063</u>
Net increase in cash and cash equivalents	2,113,313
<b>CASH AND CASH EQUIVALENTS, beginning</b>	<u>1,881,426</u>
<b>CASH AND CASH EQUIVALENTS, ending</b>	<u><u>\$ 3,994,739</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (1,915,021)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	3,661,393
(Increase) decrease in:	
Receivable	(23,743)
Prepaid expenses	(9,803)
Prepaid interest	106,526
Decrease in:	
Accounts payable and accrued expenses	<u>(370,453)</u>
Net cash flows provided by operating activities	<u><u>\$ 1,448,899</u></u>
<b>NONCASH OPERATING AND INVESTING ACTIVITIES:</b>	
Cash paid during the year for interest	<u><u>\$ 293,128</u></u>

See accompanying notes.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
Year Ended December 31, 2020

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Terrebonne Port Commission was created by the City of Houma and the Terrebonne Parish Police Jury in 1964, as authorized by Louisiana Revised Statute 34:2201. On January 9, 1984, after a vote of the citizens of Terrebonne Parish, the City of Houma and the Terrebonne Parish Police Jury were consolidated to form the Terrebonne Parish Consolidated Government. The Port Commission is governed by a seven-member board. The Terrebonne Parish Consolidated Government (Parish Council) appoints three members, the Parish President nominates two, and the South Central Industrial Association and the Houma-Terrebonne Chamber of Commerce nominate one each. The Port Commission is responsible for maintaining, operating, and developing the Terrebonne Port, located on the Houma Navigation Canal within one-mile of its intersection with the Gulf Intracoastal Waterway. The Port Commission is also responsible for maintaining and improving the waterways of Terrebonne Parish.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

**A. REPORTING ENTITY**

Because the Consolidated Government and Parish President appoint a majority of the governing board and can therefore impose their will, the Terrebonne Port Commission was determined to be a component unit of the Terrebonne Parish Consolidated Government, the governing body of the Parish and the governmental body with financial accountability.

The accompanying financial statements present information only on the funds maintained by the Commission and do not present information on the Consolidated Government, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

The Commission has reviewed all of its activities and determined that there are no potential component units that should be included in its financial statements.

**B. BASIS OF PRESENTATION**

GASB statements established standards for external financial reporting for all state and local governmental entities. For enterprise funds such as the Port, this includes a statement of net position, a statement of revenues, expenses and change in net position, and a statement of cash flows. It requires the classification of net position

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
Year Ended December 31, 2020

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

The basic financial statements of the Commission are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

**C. FUND TYPES**

The Terrebonne Port Commission is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, net position, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed primarily through user charges.

**D. BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Enterprise Fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recorded when they are incurred.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
Year Ended December 31, 2020

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**E. CASH AND CASH EQUIVALENTS**

The Commission considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

**F. ACCOUNTS RECEIVABLE**

The financial statements of the Commission contain no allowance for bad debts. Uncollectible amounts are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the Commission.

**G. CAPITAL ASSETS**

Capital assets of the Port Commission, excluding donated property and equipment, are valued at cost. All donated property and equipment are recorded at estimated fair market value on the date of the donation. Assets are capitalized if costs exceed \$500 and if they have an estimated useful life of at least one year. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Capital assets reported on the statement of net position are net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of the individual asset. Estimated useful lives of assets range from 5 to 40 years.

**H. ACCUMULATED VACATION AND SICK LEAVE**

Upon separation of employment, employees are compensated for accumulated vacation leave at the employee's current rate of pay. As of December 31, 2020, employees had accumulated \$16,598 of employee leave benefits. Sick leave is not a vested benefit and will not be paid upon termination.

**I. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
Year Ended December 31, 2020

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**J. RECENT PRONOUNCEMENT**

Statement No. 87, "Leases", 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. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management has not yet determined the effect of this Statement on the financial statements.

**NOTE 2 – DEPOSITS**

Under state law, the Commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of another state in the Union, or the laws of the United States.

State law also requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

The year end balances of deposits are as follows:

	<u>Bank Balance</u>	<u>Reported Amount</u>
Cash	\$ 4,004,739	\$ 3,994,739

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission has a written policy for custodial credit risk. As of December 31, 2020, \$3,727,995 of the Commission's bank balances of \$4,004,739 was exposed to credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Commission's name.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
Year Ended December 31, 2020

**NOTE 2 – DEPOSITS (Cont.)**

As of December 31, 2020, cash was adequately collateralized in accordance with state law by federal deposit insurance and securities held by an unaffiliated bank for the account of the Commission. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers the securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

**NOTE 3 – CAPITAL ASSETS**

A summary of changes in capital assets follows:

	Balance January 1, 2020	Additions/ Reclassifications	Deletions/ Reclassifications	Balance December 31, 2020
Capital assets, not being depreciated:				
Land	\$ 2,500,797	\$ -	\$ -	\$ 2,500,797
Construction in progress	14,458,383	25,588	(14,135,077)	348,894
<b>Total capital assets not being depreciated</b>	<b>16,959,180</b>	<b>25,588</b>	<b>(14,135,077)</b>	<b>2,849,691</b>
Capital assets being depreciated:				
Land improvements	4,139,902	-	-	4,139,902
Equipment	104,013	4,150	-	108,163
Buildings	8,911,181	-	-	8,911,181
Infrastructure	97,928,404	14,740,081	-	112,668,485
<b>Total capital assets being depreciated</b>	<b>111,083,500</b>	<b>14,744,231</b>	<b>-</b>	<b>125,827,731</b>
Less accumulated depreciation:				
Land improvements	(518,009)	(273,900)	-	(791,909)
Equipment	(69,102)	(10,581)	-	(79,683)
Buildings	(1,024,903)	(255,794)	-	(1,280,697)
Infrastructure	(22,614,629)	(3,121,118)	-	(25,735,747)
<b>Accumulated depreciation</b>	<b>(24,226,643)</b>	<b>(3,661,393)</b>	<b>-</b>	<b>(27,888,036)</b>
<b>Totals</b>	<b>\$ 103,816,037</b>	<b>\$ 11,108,426</b>	<b>\$ (14,135,077)</b>	<b>\$ 100,789,386</b>

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
Year Ended December 31, 2020

**NOTE 3 – CAPITAL ASSETS (Cont.)**

Construction in progress includes expansion projects, bulkhead extension, and other small projects.

For the year ended December 31, 2020, depreciation expense was \$3,661,393.

**NOTE 4 – CERTIFICATES OF INDEBTEDNESS**

The following is a summary of changes in the certificates of indebtedness of the Commission for the year ended December 31, 2020:

	Certificates of Indebtedness
Payable as of January 1, 2020	\$ 4,299,000
Debt incurred	-
Debt retired	(4,299,000)
Payable as of December 31, 2020	\$ -

**NOTE 5 – REVENUE BONDS**

Terrebonne Port Commission issued a Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bond on March 1, 2018. The amount of the bond is not to exceed \$8,000,000. The funds are to be used for a bulkhead upgrade and extension project. The loan includes an interest rate of 2.849% on outstanding balances and is secured by all lawfully available revenue of the Commission. Interest payments are due each March 1<sup>st</sup> and September 1<sup>st</sup>. Principal payments are due each March 1<sup>st</sup> beginning in 2020 and ending on March 1, 2039. The outstanding balance on this bond was \$7,710,391 as of December 31, 2020. Future principal maturities are as follows:

Year	Principal	Interest	Total
2021	\$ 294,824	\$ 174,705	\$ 469,529
2022	304,818	167,779	472,597
2023	314,812	160,622	475,434
2024	383,883	154,782	538,665
2025	392,802	145,863	538,665
2026-2030	2,105,217	588,108	2,693,325
2031-2035	2,361,405	331,920	2,693,325
2036-2039	1,552,630	63,366	1,615,996
Totals	\$ 7,710,391	\$ 1,787,145	\$ 9,497,536

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
Year Ended December 31, 2020

**NOTE 5 – REVENUE BONDS (Cont.)**

Terrebonne Port Commission issued a Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bond on July 19, 2019. The amount of the bond is not to exceed \$4,000,000. The funds are to be used for a bulkhead upgrade and extension project. The loan includes an interest rate of 2.43% on outstanding balances and is secured by all lawfully available revenue of the Commission. Interest payments are due each March 1st and September 1st. Principal payments are due each March 1st beginning in 2020 and ending on March 1, 2039. The outstanding balance on this bond was \$3,845,000 as of December 31, 2020. Future principal maturities are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 160,000	\$ 91,490	\$ 251,490
2022	165,000	87,541	252,541
2023	170,000	83,470	253,470
2024	161,303	80,431	241,734
2025	165,246	76,488	241,734
2026-2030	888,841	319,828	1,208,669
2031-2035	1,002,935	205,733	1,208,668
2036-2039	1,131,675	76,994	1,208,669
Totals	<u>\$ 3,845,000</u>	<u>\$ 1,021,975</u>	<u>\$ 4,866,975</u>

**NOTE 6 – CAPITAL CONTRIBUTIONS**

During the year ended December 31, 2020, the Commission received capital contributions from the following:

Louisiana Department of Transportation and Development	\$ 5,620,202
Tenants	768,732
	<u>\$ 6,388,934</u>

These contributions were designated for use in the expansion projects.

**NOTE 7 – LEASE REVENUE**

The Commission leases various parcels of land located at the port to industrial and business concerns. These are noncancelable leases with obligated terms ranging from one to twenty years. The operating lease income for the year ended December 31, 2020 was \$507,755.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
Year Ended December 31, 2020

**NOTE 7 – LEASE REVENUE (Cont.)**

The Commission leases bulkhead space and a dry dock to two companies under written agreements. The noncancelable leases are for twenty-five to forty years. The operating lease income for the year ended December 31, 2020 was \$1,791,209.

The Commission entered into two written agreements to lease office space to an unrelated party. The first lease commenced on August 1, 2013 and expires on August 1, 2023. Monthly payments of \$2,197 are required. The second lease commenced on August 1, 2014 and expires on July 1, 2029. Monthly payments of \$26,430 are required for the first ten years and \$23,138 for the last five years. The operating lease income for the year ended December 31, 2020 was \$352,709.

The following is a schedule of future minimum rental income from noncancelable operating revenue leases as of December 31, 2020:

<u>Year Ending December 31,</u>	
2021	\$ 2,824,841
2022	2,781,309
2023	2,760,520
2024	2,598,777
2025	2,502,773
Thereafter	<u>36,897,429</u>
	<u>\$ 50,365,649</u>

**NOTE 8 – POSTEMPLOYMENT BENEFITS**

The Commission's personnel are employees of the Terrebonne Parish Consolidated Government. As such, they are offered postemployment healthcare and life insurance benefits through the Parish's group plan. Plan information, including actuarial valuation information and funding status, can be found in the annual report of the Terrebonne Parish Consolidated Government.

**NOTE 9 – PENSION PLAN**

Employees of the Terrebonne Parish Consolidated Government are members of the State of Louisiana Parochial Employees' Retirement System (PERS). Membership in the retirement system is compulsory at date of employment. Membership is cancelled only by death, resignation, or retirement. Retirement benefits are based upon PERS provisions in place at the time of retirement. Retirement expense for the year ended December 31, 2020 was \$21,322. Plan information, including actuarial valuation information and funding status, can be found in the annual report of the Terrebonne Parish Consolidated Government.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
Year Ended December 31, 2020

**NOTE 10 – COMPENSATION OF BOARD MEMBERS**

As provided by Louisiana Revised Statute 2:603, the Commissioners have elected to use the monthly meeting method of compensation. Under this method, the chairman and other board members receive a \$60 payment for each meeting attended with a limit of two paid meetings per month. The compensation is included in personal services expense on the statement of revenues, expenses, and change in net position.

The following amounts were paid to commissioners for the year ended December 31, 2020:

Dan Davis	\$ 660
Greg Landry	660
Andrew Blanchard	600
Chris Erny	420
Steve Crispino	-
Charles Giglio	-
Edward Rome	-
	<hr/>
Total	<u>\$ 2,340</u>

**NOTE 11 – RISK MANAGEMENT**

The Commission is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to the public; and natural disasters for which the Commission carries commercial insurance or other insurance for the losses to which it is exposed. No settlements were made during the year that exceeded the Commission's insurance coverage. The Commission's premiums for general liability are based on various factors such as its operations and maintenance budget, exposure, and claims experience.

**NOTE 12 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through May 31, 2021, which is the date the financial statements were available to be issued, and it was determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**OTHER INFORMATION**

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Schedule of Compensation, Benefits, and Other  
Payments to the Port Director  
Year Ended December 31, 2020

**Agency Head Name:** David Rabalais, Port Director

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 156,868
Car allowance/automobile expense	8,300
Benefits - retirement	4,706
Cell phone allowance	1,800
Benefits - insurance	-
Reimbursements (includes registration fees and conference travel)	-
Travel	-
Benefits - other	-
Deferred compensation	-
Vehicle provided by government	-
Per diem	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

This schedule is used to satisfy the reporting requirements  
of R.S. 24:513(A)(3).

**REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Commissioners  
Terrebonne Port Commission  
Terrebonne Parish Consolidated Government  
Houma, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Terrebonne Port Commission (the Commission), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated May 31, 2021.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 over financial reporting that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, item 2020-001, that we consider to be a significant deficiency.

### **Compliance and Other Matters**

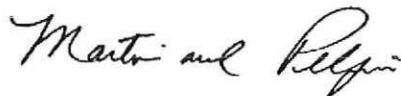
As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and responses, item 2020-002.

### **The Commission's Response to Findings**

The Commission's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



Houma, Louisiana  
May 31, 2021

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Schedule of Findings and Responses  
Year Ended December 31, 2020

**Section I – Summary of Auditor’s Results**

1. The auditor’s report expresses an unmodified opinion on the basic financial statements of the Terrebonne Port Commission.
2. One significant deficiency in internal control (see finding 2020-001) was noted during the audit of the financial statements.
3. One instance of noncompliance (see finding 2020-002) required to be reported in accordance with *Government Auditing Standards* was disclosed during the audit.
4. A management letter was not issued.
5. The Commission received no federal funding during the year.

**Section II – Financial Statement Findings**

**2020-002**

Statement of Condition: The Commission’s cash deposits were under collateralized at one of its financial institutions from the end of August 2020 to the beginning of October 2020 due to a \$5,000,000 deposit on August 24,2020.

Criteria: State law requires that deposits of all political subdivisions be fully collateralized at all times.

Effect of Condition: The Commission was not in compliance with state law as related to bank deposits.

Cause of Condition: A significant deposit was made that caused deposits to exceed pledged securities.

Recommendation: The management of the Commission should contact its fiscal agent when a significant deposit is to be made to ensure that deposits are fully collateralized at all times. As the fiscal agent monitors deposits versus collateralization only at the beginning of the month, management should adopt procedures whereby the monitoring of cash deposits, and related collateral, are more frequently performed to ensure that cash deposits are fully collateralized at all times.

Response: The management of Terrebonne Port Commission concurs with this finding.

Questioned Costs: \$ -0-

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Schedule of Findings and Responses (Cont.)  
Year Ended December 31, 2020

**Section III – Internal Control Findings**

**2020-001**

Statement of Condition: A significant deficiency in the Commission's internal control.

Criteria: In our consideration of internal control, we noted that the size of the Commission's operations and its limited accounting staff preclude an inadequate segregation of duties and other features of an adequate system of control.

Effect of Condition: The internal control, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Cause of Condition: The size of Commission's operations and its limited accounting staff preclude an inadequate segregation of duties and other features of an adequate system of internal control.

Recommendation: The Board of Commissioners of the Commission should closely monitor the day-to-day activities of the Commission.

Response: The management of Terrebonne Port Commission concurs with this finding.

Questioned Costs: \$ -0-

**Section IV – Federal Awards**

This section is not applicable.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Management's Corrective Action Plan for Current Year Findings  
Year Ended December 31, 2020

The contact person for all corrective actions noted below is Mr. David Rabalais, Executive Director.

**Section I – Internal Control and Compliance**

**Inadequate Internal Control**

Condition: A significant deficiency in the internal control related to lack of segregation of duties.

Recommendation: The Board of Commissioners of the Commission should closely monitor the day-to-day activities of the Commission.

Planned Action: The Board of Commissioners will closely monitor the day-to-day activities of the Commission.

**Under Collateralization of Cash Deposits**

Condition: The Commission's cash deposits were under collateralized at one of its financial institutions from the end of August 2020 to the beginning of October 2020 due to a \$5,000,000 deposit on August 24, 2020.

Recommendation: The management of the Commission should contact its fiscal agent when a significant deposit is to be made to ensure that deposits are fully collateralized at all times. As the fiscal agent monitors deposits versus collateralization only at the beginning of each month, management should adopt procedures whereby the monitoring of cash deposits, and related collateral, are more frequently performed to ensure that cash deposits are fully collateralized at all times.

Planned Action: The Commission will implement the recommendation as detailed above.

**Section II – Internal Control and Compliance Material to Federal Awards**

This section is not applicable.

**Section III – Management Letter**

This section is not applicable.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Schedule of Prior Findings and Responses  
Year Ended December 31, 2020

Note: All prior findings relate to the December 31, 2019 audit engagement.

**Section I – Internal Control and Compliance Material to the Financial Statements**

**Inadequate Internal Control**

Condition: A significant control deficiency in the internal control related to lack of segregation of duties.

Recommendation: The Board of Commissioners should closely monitor the day-to-day activities of the Commission.

Planned Action: The Board of Commissioners will closely monitor the day-to-day activities of the Commission.

Status: Ongoing. The Commission has implemented the recommendation, but the lack of segregation of duties continues to exist. As such, the Board will continue to perform the recommendation.

**Section II – Internal Control and Compliance Material to Federal Awards**

This section is not applicable.

**Section III – Management Letter**

This section is not applicable.