

PORT OF IBERIA DISTRICT

FINANCIAL REPORT

JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Port of Iberia District
New Iberia, Louisiana

We have audited the accompanying basic financial statements of the Port of Iberia District, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Port of Iberia District's basic financial statements as listed in table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 auditors' judgment, including the assessment of the risk 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Port of Iberia District, as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years 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 and other required supplementary information on pages 3 through 6 and on pages 32 through 34, respectively, 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 audits were conducted for the purpose of forming an opinion on the financial statements that comprise the District's basic financial statements. The schedule of compensation, benefits and other payments to agency head is not a required part of the basic financial statements. The schedule of compensation, benefits and other payments to agency head 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 agency head is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 23, 2020, on our consideration of the Port of Iberia District's internal control over financial reporting and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port of Iberia District's internal control over financial reporting and compliance.



Lafayette, Louisiana
December 23, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) of the District's annual financial report is designed to focus on the current year's activities, resulting changes and currently known facts. It should be read in conjunction with the financial statements that begin on page 8.

FINANCIAL HIGHLIGHTS

Assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$113,048,860 (net position). Of this amount, 31.21% or \$35,277,426 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors in accordance with the District's fiscal policies.

The District's net position increased \$1,168,975 resulting from operating income generated and state and local funding received under the various programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements and the notes to financial statements.

The District's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the statements of revenues, expenses, and changes in net position. All assets and liabilities associated with the operations of the District are included in the statements of net position.

The financial statements provide both long and short-term information about the District's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

FINANCIAL ANALYSIS

Net Position

The District's total assets and deferred outflows of resources at June 30, 2020 was \$115,396,870. This represented an increase of \$930,517 or .81% over the prior year. As of June 30, 2019, the District's total assets and deferred outflows of resources were \$114,466,353, which represented an increase of \$6,213,866 or 5.74% over the previous year. Total liabilities and deferred inflows of resources at June 30, 2020 amounted to \$2,348,010 for a decrease of \$238,458 or 9.22% from 2019. At June 30, 2019, total liabilities and deferred inflows of resources amounted to \$2,586,468 for an increase of \$432,767 or 20.09% over the prior year. As of June 30, 2020, total net position was \$113,048,860, which represented an increase of \$1,168,975 or 1.04%. As of June 30, 2019, the District's net position was \$111,879,885, which represented an increase of \$5,781,099 or 5.45%. The District's net position is detailed in Table 1.

TABLE 1
Port of Iberia District
Net Position
June 30, 2020, 2019 and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assets:			
Current assets	\$ 37,582,732	\$ 35,847,216	\$ 33,340,924
Property (net)	77,586,238	78,290,952	74,674,358
Other assets	185,196	173,283	186,845
Total assets	<u>\$115,354,166</u>	<u>\$114,311,451</u>	<u>\$108,202,127</u>
Deferred outflows of resources	<u>\$ 42,704</u>	<u>\$ 154,902</u>	<u>\$ 50,360</u>
Current liabilities	\$ 2,185,082	\$ 2,316,683	\$ 1,991,309
Long-term liabilities	73,309	258,144	84,342
Total liabilities	<u>\$ 2,258,391</u>	<u>\$ 2,574,827</u>	<u>\$ 2,075,651</u>
Deferred inflows of resources	<u>\$ 89,619</u>	<u>\$ 11,641</u>	<u>\$ 78,050</u>
Net position:			
Net investment in capital assets	\$ 77,586,238	\$ 78,290,952	\$ 74,674,358
Restricted	185,196	173,283	160,541
Unrestricted	35,277,426	33,415,650	31,263,887
Total net position	<u>\$113,048,860</u>	<u>\$111,879,885</u>	<u>\$106,098,786</u>

In 2020, property (net) decreased \$704,714 to \$77,586,238 over 2019 primarily due to depreciation expense of \$2,409,519 offset by additions related to ongoing construction projects. As of June 30, 2019, property (net) amounted to \$78,290,952 an increase of \$3,616,594 or 4.84% primarily due to additions related to ongoing construction projects partially offset by depreciation expense during the year of \$2,412,277. Other assets of the District increased \$11,913 during 2020 which consisted of the net increase in restricted funds.

The item “net investment in capital assets,” consists of capital assets net of accumulated depreciation reduced by the amount of outstanding indebtedness (offset by the related debt) attributable to the acquisition, construction, or improvement of those assets.

Changes in Net Position

For the year ending June 30, 2020, the change in net position was an increase of \$1,168,975 or 1.04%. For the year ending June 30, 2019, the change in net position was an increase of \$5,781,099 or 5.45%. During 2020, the District’s total operating revenues amounted to \$3,465,325, a decrease of \$144,745 or 4.01% over 2019. For the year ending June 30, 2019, the District’s total operating revenues amounted to \$3,610,070, an increase of \$56,520 or 1.59% over the previous year. During 2020, total operating expenses amounted to \$3,748,737, a decrease of \$197,687 or 5.01% over 2019. For the year ending June 30, 2019, the District’s total operating expenses amounted to \$3,946,424, an increase of \$323,686 or 8.93% over the previous year. Capital contributions for the year ending June 30, 2020 amounted to \$928,174, a decrease of \$4,503,641 or 82.91% over 2019 due to decreases in reimbursable capital expenditures under the state Port Priority Program. Capital contributions for the year ending June 30, 2019 were \$5,431,815, an increase from the previous year of \$661,031 or 13.86%. The changes in net position are detailed in Table 2.

TABLE 2
Port of Iberia District
Changes in Net Position
For the Years Ended June 30, 2020, 2019 and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenues:			
Docks	\$ 44,394	\$ 52,688	\$ 39,793
Leases	3,396,723	3,537,084	3,491,732
Operating grants	-	-	1,115
Other	<u>24,208</u>	<u>20,298</u>	<u>20,910</u>
Total operating revenues	<u>\$ 3,465,325</u>	<u>\$ 3,610,070</u>	<u>\$ 3,553,550</u>
Operating expenses:			
Operating expenses	\$ 1,339,218	\$ 1,534,147	\$ 1,308,492
Depreciation	<u>2,409,519</u>	<u>2,412,277</u>	<u>2,314,246</u>
Total operating expenses	<u>\$ 3,748,737</u>	<u>\$ 3,946,424</u>	<u>\$ 3,622,738</u>
Operating loss	\$ (283,412)	\$ (336,354)	\$ (69,188)
Other revenue, net	524,213	685,638	473,507
Capital contributions	<u>928,174</u>	<u>5,431,815</u>	<u>4,770,784</u>
Change in net position	\$ 1,168,975	\$ 5,781,099	\$ 5,175,103
Total net position, beginning of year	<u>111,879,885</u>	<u>106,098,786</u>	<u>100,923,683</u>
Total net position, end of year	<u>\$113,048,860</u>	<u>\$111,879,885</u>	<u>\$106,098,786</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2020, the District had invested \$77,586,238 in capital assets net of accumulated depreciation and related debt. As compared to the prior year, this amount represents a decrease of \$704,714. The change is the result of new capital additions in the current year offset by depreciation expense. As of June 30, 2019, the District had invested \$78,290,952 in capital assets net of accumulated depreciation and related debt, an increase of \$3,616,594 over the previous year.

Additional information on the District's capital assets can be found in Note 3 on page 20 of this report.

Debt Administration

In addition, the District has a \$250,000 payable recorded on the statements of net position as of June 30, 2020 and 2019 to the Louisiana State Bond Commission. This amount was to be reimbursed to the Louisiana State Bond Commission. However, during the 1993 regular session of the Louisiana Legislature, HCR267 was adopted to grant \$250,000 to the Port of Iberia District. In lieu of payment to the Port of Iberia District, the State Bond Commission was to cancel the \$250,000 payable to the State of Louisiana, as per written correspondence from Governor Edwin W. Edwards and an act of the 1993 Louisiana Legislature. The Attorney General's Office has indicated that the way this was handled was unconstitutional. This problem has not been resolved as of the date of these financial statements.

Additional information on the Port of Iberia District's debt can be found in Note 4 on page 21 of this report.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Port of Iberia District, Post Office Box 9986, New Iberia, Louisiana 70562.

BASIC FINANCIAL STATEMENTS

PORT OF IBERIA DISTRICT
STATEMENTS OF NET POSITION
June 30, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalent	\$ 33,879,214	\$ 29,256,439
Certificates of deposit	92,999	92,231
Investment in LAMP	546,589	537,950
Accounts receivable	427,453	25,000
Due from other governmental agencies	2,354,972	5,692,632
Prepaid expenses	212,555	175,243
Other receivable	68,950	67,721
Total current assets	\$ 37,582,732	\$ 35,847,216
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation of \$36,135,332 and \$33,773,625 at June 30, 2020 and 2019, respectively	\$ 77,586,238	\$ 78,290,952
OTHER ASSETS		
Restricted cash	\$ 185,196	\$ 173,283
Total assets	\$115,354,166	\$114,311,451
DEFERRED OUTFLOWS OF RESOURCES		
Defined benefit pension plan	\$ 42,704	\$ 154,902
Total assets and deferred outflows of resources	\$115,396,870	\$114,466,353

See Notes to Financial Statements.

	<u>2020</u>	<u>2019</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 59,864	\$ 28,818
Construction project payables	253,703	56,211
Unearned lease income	1,345,197	1,736,961
Accrued expenses	43,158	36,533
Due to other governments	281,604	281,604
Deposits payable	<u>201,556</u>	<u>176,556</u>
Total current liabilities	<u>\$ 2,185,082</u>	<u>\$ 2,316,683</u>
LONG-TERM LIABILITIES		
Unfunded net pension liability	\$ 1,908	\$ 188,333
Unfunded OPEB obligation	<u>71,401</u>	<u>69,811</u>
Total long-term liabilities	<u>\$ 73,309</u>	<u>\$ 258,144</u>
Total liabilities	<u>\$ 2,258,391</u>	<u>\$ 2,574,827</u>
DEFERRED INFLOWS OF RESOURCES		
Defined benefit pension plan	<u>\$ 89,619</u>	<u>\$ 11,641</u>
NET POSITION		
Net investment in capital assets	\$ 77,586,238	\$ 78,290,952
Restricted	185,196	173,283
Unrestricted	<u>35,277,426</u>	<u>33,415,650</u>
Total net position	<u>\$113,048,860</u>	<u>\$111,879,885</u>
Total liabilities, deferred inflows of resources and net position	<u>\$115,396,870</u>	<u>\$114,466,353</u>

PORT OF IBERIA DISTRICT
 STATEMENTS OF REVENUES, EXPENSES, AND
 CHANGES IN NET POSITION
 For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Leases	\$ 3,396,723	\$ 3,537,084
Tonnage and docking fees	20,468	30,887
Boat stall rentals	23,926	21,801
Sewerage district maintenance fees	9,044	8,464
Water franchise fee	<u>15,164</u>	<u>11,834</u>
Total operating revenues	<u>\$ 3,465,325</u>	<u>\$ 3,610,070</u>
OPERATING EXPENSES		
Accounting and auditing	\$ 29,276	\$ 29,213
Advertising	72,771	71,211
Auto allowances	25,265	24,900
Depreciation and amortization	2,409,519	2,412,277
Dues and subscriptions	18,213	17,256
Economic development (natural gas pipeline)	-	250,000
Employee benefits	41,740	63,483
Environmental expenses	2,350	-
AGMAC project costs	72,876	52,597
Hurricane expenses	25,408	-
IDF cooperative endeavor agreement	15,000	25,000
Insurance	283,261	265,614
Legal fees	72,889	56,469
Miscellaneous	1,315	3,249
Office expense	25,552	29,095
Outside services	19,901	40,046
Port improvements and development	32,532	49,089
Repairs and maintenance	263,426	212,907
Salaries:		
Director	134,914	128,948
Other	121,415	127,508
Taxes – payroll	3,859	3,988
Travel	3,116	6,927
Telephone	27,458	29,967
Utilities	<u>46,681</u>	<u>46,680</u>
Total operating expenses	<u>\$ 3,748,737</u>	<u>\$ 3,946,424</u>
 Operating loss	 <u>\$ (283,412)</u>	 <u>\$ (336,354)</u>

(continued)

PORT OF IBERIA DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION (CONTINUED)
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating loss (carried forward)	\$ (283,412)	\$ (336,354)
OTHER REVENUE (EXPENSE)		
Interest income	\$ 522,049	\$ 723,797
Land acquisition expenses	-	(44,858)
Miscellaneous income	<u>2,164</u>	<u>6,699</u>
Total other revenue (net)	\$ <u>524,213</u>	\$ <u>685,638</u>
Income before capital contributions	\$ 240,801	\$ 349,284
Capital grants and contributions	<u>928,174</u>	<u>5,431,815</u>
Change in net position	\$ <u>1,168,975</u>	\$ <u>5,781,099</u>
Net position, beginning of year	<u>\$111,879,885</u>	<u>\$106,098,786</u>
Net position, end of year	<u>\$113,048,860</u>	<u>\$111,879,885</u>

See Notes to Financial Statements.

PORT OF IBERIA DISTRICT
 STATEMENTS OF CASH FLOWS
 For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 2,646,900	\$ 4,016,766
Receipts from other governmental units	9,044	11,771
Other operating receipts	15,164	11,834
Payments to suppliers	(1,777,189)	(1,935,468)
Payments to employees	<u>(256,329)</u>	<u>(256,456)</u>
Net cash provided by operating activities	<u>\$ 637,590</u>	<u>\$ 1,848,447</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Increase in customer deposits	\$ 25,000	\$ 25,000
Decrease (increase) in restricted cash	<u>(11,913)</u>	<u>(12,742)</u>
Net cash provided by noncapital financing activities	<u>\$ 13,087</u>	<u>\$ 12,258</u>
CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES		
Capital contributions	\$ 4,965,834	\$ 2,463,937
Capital asset acquisitions	<u>(1,507,313)</u>	<u>(6,055,978)</u>
Net cash provided by (used in) capital related financing activities	<u>\$ 3,458,521</u>	<u>\$ (3,592,041)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of certificates of deposit	\$ (768)	\$ (784)
Other non-operating income	522,984	693,243
Net increase in LAMP	<u>(8,639)</u>	<u>(12,258)</u>
Net cash provided by investing activities	<u>\$ 513,577</u>	<u>\$ 680,201</u>
Net increase (decrease) in cash and cash equivalents	\$ 4,622,775	\$ (1,051,135)
Cash and cash equivalents, beginning of year	<u>29,256,439</u>	<u>30,307,574</u>
Cash and cash equivalents, end of year	<u><u>\$33,879,214</u></u>	<u><u>\$ 29,256,439</u></u>

(continued)

PORT OF IBERIA DISTRICT

STATEMENTS OF CASH FLOWS (CONTINUED)

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
RECONCILIATION OF INCOME FROM OPERATING TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	\$ (283,412)	\$ (336,354)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,409,519	2,412,277
Change in assets and liabilities -		
(Increase) decrease in assets:		
Accounts receivables	(402,453)	120,213
Due from other governmental units	(700,000)	(696,693)
Prepaid expenses and other assets	(37,312)	(4,325)
(Decrease) increase in liabilities:		
Accounts payable	31,046	18,884
Unearned lease income	(391,764)	306,781
Accrued expenses	6,625	(1,491)
Unfunded net pension and OPEB liabilities	(184,835)	200,106
Change in deferred outflows of resources	112,198	(104,542)
Change in deferred inflows of resources	<u>77,978</u>	<u>(66,409)</u>
Net cash provided by operating activities	<u>\$ 637,590</u>	<u>\$ 1,848,447</u>

See Notes to Financial Statements.

PORT OF IBERIA DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of Port of Iberia District (the "District") are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the District's accounting policies are described below.

Reporting entity:

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Primary government -

Port of Iberia District - The District is a political subdivision of the State of Louisiana created under the provisions of Louisiana Revised Statute 34:241. The District is governed by a board of commissioners consisting of seven members who serve without compensation. Two of the members are appointed by the City of New Iberia, one member each by the Towns of Jeanerette and Loreauville, and three members are appointed by the Iberia Parish Council. The Board is responsible for the regulation of commerce and traffic within the District.

Operations of the District are administered through an executive director who also serves as the port director. The operations of the District are financed primarily through lease payments from port improvements as well as various operating grants from state and federal agencies. The District's offices and operations are located in an area that is five miles south of the City of New Iberia and encompasses more than 2,000 acres of land, both public and private, and is the base of operations for more than 30 companies. There are 10 miles of access roadways, three miles of railroad frontage, steel bulkheading, sewerage system, electrical service, natural gas, 1 1/2 miles of water frontage, 14 miles of water system that provides access to the Intracoastal Waterway and Gulf of Mexico, and a developed water channel, public dock, and marina.

Component units -

Governmental accounting standards establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.

NOTES TO FINANCIAL STATEMENTS

2. Whether the primary government's governing authority appoints a majority of board members of the potential component unit.
3. Fiscal interdependency between the primary government and the potential component unit.
4. Imposition of will by the primary government on the potential component unit.
5. Financial benefit/burden relationship between the primary government and the potential component unit.

The Port of Iberia Economic Development Corporation (the "Corporation") was created in February 2014 and is considered to be a related organization of the District. The Corporation is a legally separate nonprofit public benefit and economic development corporation organized pursuant to the Louisiana Nonprofit Corporation Law in Chapter 2, Title 12, the Economic Development Cooperative Law in Part 1, Chapter 27, Title 33 and the public benefit corporation requirements as set forth in Section 1215(b), Part 1, Chapter 10, Title 41 of the Louisiana Revised Statutes. The transactions and activity of the Corporation during 2020 and 2019 were not significant to the District.

Basis of presentation, accounting and measurement:

The accounting policies of the District are in conformity with accounting principles generally accepted in the United States of America as it applies to governmental entities. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred, regardless of when paid. Grants and similar items are recognized as revenues as soon as all earning requirements have been met.

The District's accounting records are accounted for in a single proprietary fund. The District's operations are financed and operated similar to a private business enterprise. Under a proprietary fund, costs of providing services are recovered through charges for those services to customers. Operating revenues and expenses are exclusive of nonoperating items. Operating revenues result from leasing property and providing services. Operating expenses are the result of costs associated with providing services and depreciation of capital assets used in providing those services. Revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

When both restricted and unrestricted net position are available for use, restricted resources are first used with unrestricted resources consumed, as they are needed.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgetary accounting:

Annually, the District adopts a cash basis budget for its operations. A comparison of revenues and expenses to budget is not included in the accompanying financial statements since it is not required by generally accepted accounting principles.

NOTES TO FINANCIAL STATEMENTS

Cash and cash equivalents:

Cash includes amounts in deposits held at financial institutions and cash on hand. For purposes of statements of cash flows, highly liquid investments with an original maturity of three months or less are considered to be cash equivalents.

Investments:

Investments include certificates of deposit and amounts invested in the Louisiana Asset Management Pool (LAMP). State statutes authorize the District to invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. LAMP is a local government investment pool initiated by the Louisiana Treasurer's office and invests its assets only in securities and other obligations that are permissible under Louisiana State law for local governments. In accordance with generally accepted accounting principles, investments meeting the criteria specified are stated at fair value. Investments which do not meet the requirements are stated at cost.

Fair value measurement -

Investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 – investments reflect prices quoted in active markets

Level 2 – investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active

Level 3 – investments reflect prices based upon unobservable sources

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Investments classified as Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Investments classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. Investments classified in Level 3 are valued based upon unobservable sources.

Prepaid items:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Receivables:

All receivables are shown net of an allowance account, as applicable. As of June 30, 2020 and 2019, management deemed all receivables to be collectible. As such, no allowance was recognized.

NOTES TO FINANCIAL STATEMENTS

Property, plant, and equipment:

All capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

Depreciation of all exhaustible fixed assets is recorded as an operating expense in the statements of revenues, expenses and changes in net position, with accumulated depreciation reflected in the statements of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Furniture and fixtures	5 – 15
Steel bulkheading	30 – 40
Buildings and improvements	10 – 40

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.

Unearned lease income:

Operating revenues include rental charges to customers derived from leasing property owned by the District. Rentals due from certain lease agreements are billed in advance. Recognition of the related revenue on the advanced billings are deferred and recognized over the lease term.

Compensated absences:

The District's formal policy on vacation and sick leave provides that permanent employees of the District accrue from 12 to 21 days of vacation and sick leave per year depending on the length of service (unless specifically negotiated under a separate employment contract). A maximum of 45 days of vacation leave and 180 days of sick leave may be accumulated. The policy provides for the payment of accumulated vacation leave not to exceed 45 working days upon retirement or voluntary separation of employment. The policy does not provide for the payment of accumulated sick leave. After 40 hours worked per week, compensatory time is earned at 1.5 hours for each hour worked.

Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. As of June 30, 2020 and 2019, total accrued vacation leave amounted to \$25,695 and \$17,499, respectively. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Parochial Employees' Retirement System of Louisiana (System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

NOTES TO FINANCIAL STATEMENTS

Other postretirement employee benefit plan:

The District has elected to calculate information of an actuarial nature using the alternative measurement method permitted by GASB Statement 75 for plans with fewer than 100 employees.

The District pays the benefits as due and does not provide separate funding for the estimated liability calculated and accrued under this plan.

Recent accounting pronouncements:

During June 2017, the Governmental Accounting Standards Board (GASB) issued *GASB Statement No. 87 – Leases* as amended by *GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance*. The requirements of this Statement were effective for reporting periods beginning after December 15, 2019, however on May 8, 2020 the GASB extended the required implementation period to reporting periods beginning after June 15, 2021. The objective of this statement is to establish standards of accounting and financial reporting for leases by lessees and lessors. Any changes related to the adoption of this Statement will be applied retroactively by restating any prior periods presented unless not practicable in which case a cumulative effect of application will be reported as a restatement of beginning net position for the earliest period restated. The District is continuing to assess the impact adoption of this Statement will have on the financial statements going forward.

During June 2018, the Governmental Accounting Standards Board (GASB) issued *GASB Statement No. 89 - Accounting for interest cost incurred before the end of a construction period* as amended by *GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance*. The requirements of this Statement were effective for reporting periods beginning after December 15, 2019, however on May 8, 2020 the GASB extended the required implementation period to reporting periods beginning after December 15, 2020. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Any changes related to the adoption of this Statement will be applied prospectively.

Note 2. Deposits and Investments

At June 30, 2020 and 2019, the carrying amount of the District's deposits, including demand deposit accounts and certificates of deposit, was \$34,157,409 and \$29,521,953 and the bank balance was \$34,179,454 and \$29,217,440, respectively. Of the bank balance, \$342,999 was secured from risk by federal deposit insurance and remainder by pledged securities held by the custodial banks in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy to ensure there is no exposure to this risk is to require each financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. These securities must be pledged in the District's name.

As a means of limiting its exposure to fair value losses arising from rising interest rates, it is the District's policy that generally the District only invest in "certificate of deposit" and "money market instruments," which are defined as very creditworthy, highly liquid investments with maturities of one year or less.

NOTES TO FINANCIAL STATEMENTS

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy limits investments to fully insured and/or fully collateralized certificates of deposits and investment in the Louisiana Asset Management Pool (LAMP).

The LAMP is an investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment; the LAMP is not registered with the Securities and Exchange Commission (SEC) as an investment company. The LAMP is operated by a non-profit corporation, Louisiana Asset Management Pool, Inc., whose officers include the President, normally the Treasurer of the State of Louisiana, and a Secretary/Treasurer who is charged with the day-to-day operations of the program. LAMP, Inc. is governed by a Board of Directors consisting of nine to fourteen members elected each year by the participating entities.

The LAMP is intended to improve administrative efficiency and increase investment yield of participating public entities. The LAMP's portfolio securities are valued at market value even though the amortized cost method is permitted by Rule 2a-7 of the Investment Company Act of 1940, as amended, which governs registered money market funds, although the LAMP is not a money market fund and has no obligation to conform to this rule. The investment objectives of the LAMP are to preserve capital and protect principal, maintain sufficient liquidity, provide safety of funds and investments, and maximize the return on the pool. The LAMP seeks to maintain a stable net asset value of \$1.00 per unit, but there can be no assurance that the LAMP will be able to achieve this objective.

The dollar weighted average portfolio maturity of the LAMP assets is restricted to no more than 60 days. The LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in the LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by the LAMP and the fair value of the position of the pool is the same as the value of the pool shares. As of September 2020, the LAMP had a Standards and Poor's pool rating of AAAm. The total amount invested in LAMP at June 30, 2020 and 2019 was \$546,589 and \$537,950, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 3. Property, Plant, and Equipment

A summary of activity for the year ended June 30, 2020 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Capital assets not being depreciated:				
Land	\$15,356,068	\$ -	\$ -	\$15,356,068
Construction in progress	<u>2,031,100</u>	<u>1,621,533</u>	<u>-</u>	<u>3,652,633</u>
	<u>\$17,387,168</u>	<u>\$ 1,621,533</u>	<u>\$ -</u>	<u>\$19,008,701</u>
Capital assets being depreciated:				
Buildings and improvements	\$50,428,143	\$ -	\$ -	\$50,428,143
Equipment and fixtures	402,821	83,272	47,812	438,281
Docks and bulkheading	34,214,181	-	-	34,214,181
Utility improvements	2,124,570	-	-	2,124,570
Channel improvements	7,450,547	-	-	7,450,547
Signage	<u>57,147</u>	<u>-</u>	<u>-</u>	<u>57,147</u>
Total capital assets being depreciated	<u>\$94,677,409</u>	<u>\$ 83,272</u>	<u>\$ 47,812</u>	<u>\$94,712,869</u>
Less accumulated depreciation for:				
Buildings and improvements	\$17,814,275	\$ 1,257,105	\$ -	\$19,071,380
Equipment and fixtures	383,374	11,713	47,812	347,275
Docks and bulkheading	8,575,230	817,991	-	9,393,221
Utility improvements	1,239,499	70,818	-	1,310,317
Channel improvements	5,704,100	251,892	-	5,955,992
Signage	<u>57,147</u>	<u>-</u>	<u>-</u>	<u>57,147</u>
Total accumulated depreciation	<u>\$33,773,625</u>	<u>\$ 2,409,519</u>	<u>\$ 47,812</u>	<u>\$36,135,332</u>
Total capital assets being depreciated, net	<u>\$60,903,784</u>	<u>\$(2,326,247)</u>	<u>\$ -</u>	<u>\$58,577,537</u>
Total capital assets, net	<u>\$78,290,952</u>	<u>\$(704,714)</u>	<u>\$ -</u>	<u>\$77,586,238</u>

NOTES TO FINANCIAL STATEMENTS

A summary of activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 9,976,775	\$ 5,379,293	\$ -	\$15,356,068
Construction in progress	<u>2,374,620</u>	<u>382,765</u>	<u>726,285</u>	<u>2,031,100</u>
	<u>\$12,351,395</u>	<u>\$ 5,762,058</u>	<u>\$ 726,285</u>	<u>\$17,387,168</u>
Capital assets being depreciated:				
Buildings and improvements	\$50,428,143	\$ -	\$ -	\$50,428,143
Equipment and fixtures	402,821	-	-	402,821
Docks and bulkheading	33,221,083	993,098	-	34,214,181
Utility improvements	2,124,570	-	-	2,124,570
Channel improvements	7,450,547	-	-	7,450,547
Signage	<u>57,147</u>	<u>-</u>	<u>-</u>	<u>57,147</u>
Total capital assets being depreciated	<u>\$93,684,311</u>	<u>\$ 993,098</u>	<u>\$ -</u>	<u>\$94,677,409</u>
Less accumulated depreciation for:				
Buildings and improvements	\$16,556,546	\$ 1,257,729	\$ -	\$17,814,275
Equipment and fixtures	368,552	14,822	-	383,374
Docks and bulkheading	7,758,402	816,828	-	8,575,230
Utility improvements	1,168,681	70,818	-	1,239,499
Channel improvements	5,452,208	251,892	-	5,704,100
Signage	<u>56,959</u>	<u>188</u>	<u>-</u>	<u>57,147</u>
Total accumulated depreciation	<u>\$31,361,348</u>	<u>\$ 2,412,277</u>	<u>\$ -</u>	<u>\$33,773,625</u>
Total capital assets being depreciated, net	<u>\$62,322,963</u>	<u>\$(1,419,179)</u>	<u>\$ -</u>	<u>\$60,903,784</u>
Total capital assets, net	<u>\$74,674,358</u>	<u>\$ 4,342,879</u>	<u>\$ 726,285</u>	<u>\$78,290,952</u>

Substantially, all land, buildings, docks, and bulkheadings are leased to District tenants.

Note 4. Due to Other Governments

The District has a \$250,000 non-interest bearing payable recorded in the statements of net position as a due to other governmental agencies. This payable is due to the Louisiana State Bond Commission. The amount due was to be reimbursed to the Louisiana State Bond Commission over a five year period at \$50,000 annually without any interest. The installments due March 1990, 1991, 1992, 1993, and 1994 were deferred by the state. During the 1993 regular session of the Louisiana Legislature, HCR267 was adopted to grant the \$250,000 to the District. In lieu of payment to the District, the State Bond Commission was to cancel the \$250,000 payable to the State of Louisiana, as per written correspondence from the Governor and an act of the 1993 Louisiana Legislature. The Attorney General's Office has indicated that the way the transaction was handled is in violation of the State Constitution. This problem has not been resolved as of the date of the financial statements and the transaction remains a liability.

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan

General information about the Plan:

All employees of the District are members of the Parochial Employees Retirement System of Louisiana (System), cost-sharing, multiple employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana and is administered by a separate board of trustees. The System is to provide retirement benefits to all employees of any parish in the state of Louisiana or any governing body which employs and pays persons serving the parish. It is composed of two plans, Plan A and Plan B, with separate assets and benefit provisions. The System is governed by Louisiana Revised Statutes, Title 11, Sections 1901 – 2025 and other general laws of the State of Louisiana. Benefits are established or amended by State Statute. The System issues a publicly available financial report that can be obtained at persla.org. All employees of the District are members of Plan A.

Benefits provided:

Retirement - All permanent employees working at least 28 hours per week are eligible to participate in the System. Under Plan A, employees (who were hired prior to January 1, 2007) and who retire at or after age 65 with at least 7 years of creditable service, at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final average salary for each year of creditable service. For employees hired after January 1, 2007 and who retire at age 55 with at least 30 years of creditable service, at age 62 with 10 years of creditable service or at age 67 with 7 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final average salary for each year of creditable service. Final-average salary is the employee's average salary over the 35 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination.

Survivor benefits - Upon the death of any member of Plan A with five or more years of creditable service who is not eligible for retirement the System provides for benefits for the surviving spouse and minor children as outlined in the statutes.

Deferred retirement option plan - Act 338 of 1990 established the deferred retirement option plan (DROP). DROP is an option for a member who is eligible for normal retirement.

This option allows a member who is eligible to retire to elect to defer the receipt of benefits for three years. During this time period, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable had the person terminated employment are paid into the DROP fund. Upon termination, a participant may receive, at their option, a lump sum from the account equal to the balance, an annuity based upon the account balance in the fund or rollover the fund to an individual retirement account.

Disability benefits - For Plan A, a member may be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007 and has a least five years of creditable service or if hired after January 1, 2007 has seven years of creditable service, and is not eligible for normal retirement and has been certified as disabled by the State Medical Disability Board. Disability benefits are equal to the lesser of three percent of the final average compensation multiplied by the years of service, not to be less than 15, or three percent multiplied by years of service assuming continued service to age 60.

NOTES TO FINANCIAL STATEMENTS

Contributions:

Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the District is required to contribute at an actuarially determined rate. (For the plan years ended December 31, 2019 and 2018, the actuarially determined contribution rate was 12.18% and 9.99%, respectively, of the member's compensation for Plan A. However, the actual rate was 11.50% and 11.50%, respectively, of annual covered payroll for Plan A.) Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System under Plan A, exclusive of employee portion, for the years ending June 30, 2020 and 2019 was \$29,202 and \$29,558, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At June 30, 2020 and 2019, the District reported a liability of \$1,908 and \$188,333, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019 and 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on a projection of the Agency's required projected share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019 and 2018, the District's proportion was .040534% and .042433%, respectively.

For the years ended June 30, 2020 and 2019, the District recognized pension expense of \$32,953 and \$73,243, respectively. At June 30, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2020</u>		<u>2019</u>	
	<u>Outflows</u>	<u>Inflows</u>	<u>Outflows</u>	<u>Inflows</u>
Deferred resources:				
Differences between expected and actual experience	\$ -	\$ 17,082	\$ -	\$ 11,474
Change in assumptions	26,649	-	47,089	-
Net difference between projected and actual earnings on pension plan investments	-	71,526	90,156	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,632	1,011	2,879	167
Contributions subsequent to measurement date	<u>14,423</u>	<u>-</u>	<u>14,778</u>	<u>-</u>
Ending balance	<u>\$ 42,704</u>	<u>\$ 89,619</u>	<u>\$ 154,902</u>	<u>\$ 11,641</u>

The District reported \$14,423 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTES TO FINANCIAL STATEMENTS

Year Ended

June 30:

2021	\$ 1,127
2022	\$ (17,393)
2023	\$ 1,545
2024	\$ (32,194)
2025	\$ -
Thereafter	\$ -

Actuarial assumptions - The total pension liability in the December 31, 2019 and 2018 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

December 31, 2019:

Inflation	2.40%
Salary increases	4.75% (including inflation)
Investment rate of return	6.50% (net of investment expense)
Actuarial cost method	Entry Age Normal
Expected remaining service lives	4 years

December 31, 2018:

Inflation	2.40%
Salary increases	4.75% (including inflation)
Investment rate of return	6.50% (net of investment expense)
Actuarial cost method	Entry Age Normal
Expected remaining service lives	4 years

At December 31, 2019, the mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was assigned a credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. For Disabled annuitants mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.

At December 31, 2018, the mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was then assigned a credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Healthy Annuitant Mortality Sex Distinct Tables (set forward two years for males and one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table (set back five years for males and three years for females) was selected. For active employees, the RP-2000 Employee Sex Distinct Tables (set back four years for males and three years for females) was used.

NOTES TO FINANCIAL STATEMENTS

Cost of living adjustments are based on the present value of future retirement benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Louisiana Legislature.

At December 31, 2019 and 2018, the discount rate used to measure the total pension liability was 6.50% and 6.50%, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

The long-term rate of return on pension plan investments was determined using a triangulation method, which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building block approach (bottom-up). Risk and return correlations are projected on a forward looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% at December 31, 2019 and 2018 and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.18% and 7.43% for the years ended December 31, 2019 and 2018.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2019 and 2018 are summarized in the following table:

	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Asset class:				
Fixed income	35%	1.05%	35%	1.22%
Equity	52%	3.41%	52%	3.45%
Alternatives	11%	0.61%	11%	0.65%
Real assets	<u>2%</u>	<u>0.11%</u>	<u>2%</u>	<u>0.11%</u>
	<u>100%</u>	<u>5.18%</u>	<u>100%</u>	<u>5.43%</u>
Inflation		<u>2.00%</u>		<u>2.00%</u>
Expected arithmetic nominal return		<u>7.18%</u>		<u>7.43%</u>

NOTES TO FINANCIAL STATEMENTS

The following presents the net pension liability of the District calculated using the discount rate as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	<u>December 31, 2019</u>		
	1% Decrease <u>5.50%</u>	Current Discount Rate <u>6.50%</u>	1% Increase <u>7.50%</u>
Employers proportionate share of the net pension liability (asset)	<u>\$206,233</u>	<u>\$ 1,908</u>	<u>\$(169,312)</u>
	<u>December 31, 2018</u>		
	1% Decrease <u>5.50%</u>	Current Discount Rate <u>6.50%</u>	1% Increase <u>7.50%</u>
Employers proportionate share of the net pension liability (asset)	<u>\$399,969</u>	<u>\$188,333</u>	<u>\$ 11,424</u>

As of June 30, 2020 and 2019, the District had amounts payable to the plan of \$11,090 and \$12,170, respectively, for employer and employee shares of required contributions to the plan for the period April 1 to June 30, 2020 and 2019.

Detailed information about the pension plan's fiduciary net position is available in audited stand-alone issued financial statements for the years ended December 31, 2019 and 2018. Access to the audit report and financials can be found on the System's website: www.persla.org or on the Office of Louisiana Legislative Auditor's official website: www.la.state.la.us.

Note 6. Lease of Land by District

The District is presently leasing approximately 140 acres of land from the City of New Iberia for a period of 99 years at a cost of \$1 per year. The effective dates of the lease are from July 28, 1948 to July 27, 2047.

Note 7. Lease of Land and Facilities to Others

A significant portion of revenue generated by the District is attributable to District owned property leased to tenants at the District. Minimum future rentals on these noncancelable operating leases for the next five years and thereafter are as follows:

2021	\$ 2,265,838
2022	1,607,885
2023	1,407,814
2024	1,172,613
2025	919,604
2026-2030	<u>1,686,019</u>
	<u>\$ 9,059,773</u>

NOTES TO FINANCIAL STATEMENTS

Note 8. Board of Commissioners Compensation

The Board of Commissioners of the District serve without compensation.

Note 9. Risk Management

The District is subject to certain exposures to losses in the ordinary course of business operations. To address those exposures, the District utilizes commercial risks insurance.

Note 10. Federal, State and Local Assistance

In fiscal years 2020 and 2019, the District received funds from the Louisiana Department of Transportation and Development under the state's Port Priority Program in order to assist in paying for certain capital expenditures associated with various construction projects whereby the improvements are intended to be leased to tenants of the port.

In addition, in both years the District received funds from the Louisiana Department of Transportation and Development in order to assist them in paying certain expenditures associated with the establishment of a deep-water access channel to the Gulf of Mexico (AGMAC construction project). These funds were used to cover costs associated with the bulkhead, utility and gas line relocation phases of the project.

The following is a recap of federal, state and local assistance recognized by the District for the years ending June 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
State:		
Louisiana Department of Transportation and Development (AGMAC Project and Port Priority Funding)	\$ 928,174	\$ 5,431,815

Note 11. Intergovernmental Agreements

In August 2000, the District entered into an intergovernmental agreement with Sewerage District #1 in order to provide the necessary labor, materials, chemicals, and expertise to operate and maintain the sewer system located within the boundaries of the District. As part of this agreement, the District collects an additional fee in the amount of 10% of the regular monthly charges. This amount is restricted to recoup the costs of constructing the system and is placed in an escrow account to offset repairs, replacement and upgrade of the system. As of June 30, 2020 and 2019, total cash restricted for this purpose amounted to \$185,196 and \$173,283, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 12. Commitments

The District had open construction and engineering contracts at June 30, 2020 for the following projects:

	<u>Contract</u>	<u>Expended</u>	<u>Remaining Commitment</u>
West Yard Projects	\$ 2,302,923	\$ 163,648	\$ 2,139,275
Port Millennium Expanse Phase III	445,089	40,465	404,624
AGMAC Projects	<u>1,439,838</u>	<u>555,794</u>	<u>884,044</u>
	<u>\$ 4,187,850</u>	<u>\$ 759,907</u>	<u>\$ 3,427,943</u>

Note 13. Port of Iberia Economic Development Corporation

During 2014, the District entered into a lease agreement with the Port of Iberia Economic Development Corporation in which it leased District property to the Corporation for an initial term of 20 years beginning March 1, 2014 for \$20,630 annually. This lease was subsequently terminated with the Corporation in August 2014 and the District entered into a lease directly with the tenant, which was also terminated. As of June 30, 2020 and 2019, the District has recorded a receivable from the Corporation of \$20,630, for the first annual lease payment which the Corporation had collected under the initial sublease agreement with the tenant. In addition, as of June 30, 2020 and 2019, the District has recorded a receivable for the security deposit of \$25,000, paid by the tenant to the Corporation under this same sublease agreement.

Note 14. Postemployment Benefits Other Than Pensions

Plan description - During 2009, the District renewed the employment contract with the Executive Director. This contract stipulated that the employee will be eligible for and shall participate in a formal Health and Hospitalization Insurance Program. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided - The District is responsible for payment of 100% of the health insurance premiums of the employee's supplemental health insurance benefits upon retirement. The District is responsible for 100% of the premiums for a supplemental health insurance program, not to exceed 50% of the total costs of the Health and Hospitalization Program of a similar employee at the same position.

Employees covered by benefit terms - At June 30, 2020, there was one inactive employee covered by the benefit terms.

The District's OPEB liability of \$71,401 and \$69,811 was measured as of June 30, 2020 and 2019, respectively and was determined by use of the alternative measurement method as permitted for plans with fewer than 100 participants.

NOTES TO FINANCIAL STATEMENTS

Actuarial assumptions and other inputs – The total OPEB liability computed as of June 30, 2020 and 2019 was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	2020	2019
Inflation	3.00%	3.00%
Discount rate	3.00%	3.00%
Healthcare cost trend rates	5.00%	5.00%

The discount rate was based on 20-year municipal bond yield rates. Mortality rates were based on the life expectancy tables used by the Internal Revenue Services (Single Life Expectancy).

The expected benefit cost in dollars used in the June 30, 2020 and 2019 calculations were based on the actual premiums during the time periods July 1, 2019 – June 30, 2020 and July 1, 2018 – June 30, 2019.

	2020	2019
Balance at beginning of year	\$ 69,811	\$ 84,342
Interest costs	559	436
Changes in assumptions or other inputs	8,228	(8,696)
Benefit payments	(7,197)	(6,271)
Balance at end of year	\$ 71,401	\$ 69,811

Changes in assumptions and other inputs primarily reflect the effects of changes to the estimated annual health insurance costs associated with the benefits under the plan for each period. Expense associated with this plan was not significant in 2020 and 2019.

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current discount rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
Total OPEB liability – June 30, 2020	75,087	71,401	67,970
Total OPEB liability – June 30, 2019	73,805	69,811	66,123

NOTES TO FINANCIAL STATEMENTS

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current healthcare cost trend rates:

	1% Decrease <u>(4.00%)</u>	Healthcare Cost Trend Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
Total OPEB liability – June 30, 2020	68,004	71,401	74,982
Total OPEB liability - June 30, 2019	66,157	69,811	73,685

Note 15. Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following fair value measurements as of June 30, 2020 and 2019:

	<u>Fair Value Measurements Using</u>			
Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>	
June 30, 2020:				
Louisiana Asset Management Pool	<u>\$ 546,589</u>	<u>\$ -</u>	<u>\$ 546,589</u>	<u>\$ -</u>
June 30, 2019:				
Louisiana Asset Management Pool	<u>\$ 537,950</u>	<u>\$ -</u>	<u>\$ 537,950</u>	<u>\$ -</u>

Note 16. Coronavirus Pandemic

The World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and business. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical areas in which the District operates. It is unknown how long these conditions will last and what the complete financial effect will be on the District. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

REQUIRED SUPPLEMENTARY INFORMATION

PORT OF IBERIA DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS

(Required Supplementary Information)

For the Years Ended June 30, 2020, 2019, 2018 and 2017

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service costs	\$ -	\$ -	\$ -	\$ -
Interest costs	559	436	443	421
Changes in assumptions or other inputs	8,228	(8,696)	(3,760)	(1,882)
Benefit payments	<u>(7,197)</u>	<u>(6,271)</u>	<u>(6,837)</u>	<u>(6,934)</u>
Net change in total OPEB liability	\$ 1,590	\$ (14,531)	\$ (10,154)	\$ (8,395)
Total OPEB liability – beginning	<u>\$ 69,811</u>	<u>\$ 84,342</u>	<u>\$ 94,496</u>	<u>\$ 102,891</u>
Total OPEB liability – ending	<u>\$ 71,401</u>	<u>\$ 69,811</u>	<u>\$ 84,342</u>	<u>\$ 94,496</u>
Covered employee payroll	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total OPEB liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A

NOTES TO SCHEDULE

Note 1. *Changes in assumptions or other inputs:* Changes of assumptions and other inputs primarily reflect the effects of changes to the estimated annual health insurance costs associated with the benefits under the plan for each period. Annual costs per participant used in each period was as follows:

2017	\$ 6,934
2018	\$ 6,819
2019	\$ 4,771
2020	\$ 7,197

Note 2. *Plan/assets:* The Plan is not administered through a separate trust. As such, no assets are accumulated in a trust to pay the related benefits.

PORT OF IBERIA DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
(Required Supplementary Information)

For the Years Ended June 30, 2020, 2019, 2018, 2017, 2016 and 2015

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.040534%	0.042433%	0.035438%	0.036187%	0.036654%	0.036947%
District's proportionate share of the net pension liability	<u>\$ 1,908</u>	<u>\$ 188,333</u>	<u>\$ (26,304)</u>	<u>\$ 74,528</u>	<u>\$ 96,484</u>	<u>\$ 10,102</u>
District's covered employee payroll	<u>\$ 248,133</u>	<u>\$ 257,022</u>	<u>\$ 235,976</u>	<u>\$ 216,011</u>	<u>\$ 209,077</u>	<u>\$ 194,367</u>
District's proportionate share of the net pension (asset) liability as a percentage of its covered employee payroll	0.77%	73.28%	-11.15%	34.50%	46.15%	5.20%
Plan fiduciary net position as a percentage of the total pension liability	99.89%	88.86%	101.98%	94.15%	92.23%	99.15%

PORT OF IBERIA DISTRICT

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
 (Required Supplementary Information)
 For the Years Ended June 30, 2020, 2019, 2018, 2017, 2016 and 2015

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 47,238	\$ 52,633	\$ 50,656	\$ 48,062	\$ 44,331	\$ 47,948
Contributions in relation to the contractually required contribution	<u>47,238</u>	<u>52,633</u>	<u>50,656</u>	<u>48,062</u>	<u>44,331</u>	<u>47,948</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	<u>\$ 248,133</u>	<u>\$ 257,022</u>	<u>\$ 235,976</u>	<u>\$ 216,011</u>	<u>\$ 209,077</u>	<u>\$ 194,367</u>
Contributions as a percentage of covered employee payroll	<u>19.04%</u>	<u>20.48%</u>	<u>21.47%</u>	<u>22.25%</u>	<u>21.20%</u>	<u>24.67%</u>

OTHER SUPPLEMENTARY INFORMATION

PORT OF IBERIA DISTRICT
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD
For the Year Ended June 30, 2020

Agency Head: Craig F. Romero

Purpose:

Salary	\$ 131,689
Benefits:	
Insurance	10,903
Retirement	15,638
Car allowance	18,000
Travel	<u>9,659</u>
	<u>\$ 185,889</u>

INDEPENDENT AUDITORS' 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
Port of Iberia District
New Iberia, 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 basic financial statements of Port of Iberia District, as of June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated December 23, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port of Iberia District's internal control over financial reporting (internal control) to determine the 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 Port of Iberia District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port of Iberia 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 charges 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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 Port of Iberia District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port of Iberia District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, reading "Bernard Piche III". The signature is written in a cursive style with a large initial 'B' and 'P'.

Lafayette, Louisiana
December 23, 2020

PORT OF IBERIA DISTRICT
 SCHEDULE OF FINDINGS AND RESPONSES
 Year Ended June 30, 2020

We have audited the basic financial statements of Port of Iberia District as of and for the year ended June 30, 2020, and have issued our report thereon dated December 23, 2020. 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. Our audit of the financial statements as of June 30, 2020 resulted in an unmodified opinion.

Section I. - Summary of Auditors' Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material weaknesses Yes No

Control deficiencies identified that are not considered to be material weakness(es) Yes No

Compliance

Noncompliance material to financial statements Yes No

Section II – Financial Statement Findings

No matters are reported.

PORT OF IBERIA DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year June 30, 2020

Section I. Internal Control and Compliance Material to the Financial Statements

None noted.

Section II. Internal Control and Compliance Material to Federal Awards

None noted.

Section III Management Letter

The prior year's report did not include a management letter.