PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT

FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Plaquemines Port, Harbor, & Terminal District
Belle Chasse, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Plaquemines Port, Harbor & Terminal District (District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of December 31, 2023, 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.

Basis for Opinions

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 responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, which raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis Schedule of Employer's Proportionate Share of Net Pension Liability and Schedule of Employer's Contributions, Schedule of Change in Net OPEB Liability and Related Ratios on pages 5 - 11 and 50 - 52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying, the Schedule of Employer's Contributions, Benefits and Other Payments to Agency Head or Chief Executive Officer are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Plaquemines Port, Harbor & Terminal District's internal control over financial reporting and compliance.

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, Louisiana
June 30, 2024

REQUIRED SUPPLEMENTAL INFORMATION (PART 1)

The Plaquemines Port Harbor & Terminal District's (PPHTD) discussion and analysis provides an overview of PPHTD's financial activities for the December 31, 2023, fiscal year. Since this information 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 and the accompanying notes to those financial statements in this report. It is essential to highlight that its tariffs and leases generate 100 percent of PPHTD's operating and non-operating revenues, and it does not receive any funds from the Plaquemines Parish Government tax base.

Financial Highlights

- PPHTD's assets and deferred outflows of resources exceeded its liabilities and deferred inflows (net position) by $113,841,737 as of December 31, 2023.

- PPHTD's net position decreased by $2,939,026 for the year ended December 31, 2023.

- PPHTD's total assets decreased by $38,420,303. This decrease in assets is primarily due to:

    - A decrease in Capital Assets of $29,869,365, due primarily to the sale of land per the termination of the lease agreement with Plaquemines Liquid Terminals, LLC to the Coastal Restoration and Protection Authority.
    - A decrease in lease receivables of $16,557,345 due to the new GASB 87 Standard requiring the lessor to recognize a lease receivable and deferred inflow of resources for the leases. The lease receivables are measured at the present value of lease payments expected to be received during the lease term.
    - The decrease in cash of $14,755,395 and an increase in investments of $24,594,603 were primarily due to transfers to investment accounts from cash accounts due to higher interest rates.
    - A decrease in grant receivables of $38,015 compared to the prior year.
    - A decrease of $1,882,643 in net pension asset.

- PPHTD's total liabilities increased by $3,340,407 or 38.4%, primarily due to increased accounts payable, compensated absences, net pension, and other post-employment benefits liability.

- During the year, PPHTD's total operating revenue increased $688,722 or 11.5%, to $6,665.246 from the prior year, while operating expenses increased $3,310,809 or 28.2% to $15,071,249. PPHTD had a loss from operations of $8,406,003, an increase of 45.3% from the prior year.
    - PPHTD's interagency fees as charged by Plaquemines Parish Government and budgeted by the Board of Commissioners increased by $141,902 from the prior year. This increase is due to increased departmental cost of Plaquemines Parish Government in 2023.

    - During the fiscal year, PPHTD's depreciation expense decreased 3.9% from the prior year.

    - PPHTD had a 49.8% increase in salaries and related expenses primarily due to an increase in salaries, overtime, retirement system and post-employment benefit expenses for the year.

Overview of the Required Financial Statements

This discussion and analysis serve as a basic introduction into PPHTD's financial statements. PPHTD's financial statements consist of the Statement of Net Position, the Statement of Revenues, Expenses and Change in Net Position, the Statement of Cash Flows, and the accompanying Notes to the Financial Statements.

The Statement of Net Position includes all PPHTD's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to PPHTD's creditors (liabilities). It also provides the basis for computing the rate of return, evaluating the capital structure of PPHTD, and assessing the liquidity and financial flexibility of PPHTD. Increases or decreases in PPHTD's net position are one indicator of whether its financial health is improving or deteriorating.

All the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Change in Net Position. This statement measures changes in PPHTD's operations over the past year. It can be used to determine whether PPHTD has recovered all its costs through its service revenue and other revenue sources.

The primary purpose of the Statement of Cash Flows is to provide information about PPHTD's cash from operations, investing, and financing and to provide answers to questions such as where cash comes from, the use of the cash and what was the change in cash balances during the reporting period.

The accompanying notes to the financial statements provide additional information essential to fully understanding the data provided in the financial statements.

Financial Analysis of PPHTD

The Condensed Statements of Net Position and the Condensed Statements of Revenues, Expenses, and Changes in Net Position report information about PPHTD's activities. These two statements report PPHTD's net position and any PPHTD changes. As noted earlier, increases, or decreases in PPHTD's net position indicate whether its financial health is improving or deteriorating.

Net Position

PPHTD's Condensed Statements of Net Position can be seen in Table 1. As noted earlier, the net position may serve over time as a helpful indicator of PPHTD's financial position.

- Total assets decreased by $38,420,303, total liabilities increased by $3,340,407, total deferred outflows of resources increased by $1,948,120 and total deferred inflows of resources decreased by $36,873,564. Attributions of these changes were discussed in the financial highlights noted above.

Financial Analysis of PPHTD (continued)

Table 1
Plaquemines Port, Harbor & Terminal District
Condensed Statements of Net Position
As of December 31, 2023 and 2022

	2023	2022	Dollar Change	Percent Change
Assets				
Total current assets	$ 51,163,045	$ 42,419,393	$ 8,743,652	20.6%
Capital assets - net	45,539,248	75,408,613	(29,869,365)	-39.6%
Other noncurrent assets	1,687,456,782	1,704,751,372	(17,294,590)	-1.0%
Total assets	1,784,159,075	1,822,579,378	(38,420,303)	-2.1%
Deferred Outflows of Resources				
Deferred outflow pension	2,877,806	668,924	2,208,882	330.2%
Deferred outflow OPEB	3,866,814	4,127,576	(260,762)	-6.3%
Total deferred outflows of resources	6,744,620	4,796,500	1,948,120	40.6%
Liabilities				
Current liabilities	2,096,146	1,998,233	97,913	4.9%
Non-current liabilities	9,951,331	6,708,837	3,242,494	48.3%
Total liabilities	12,047,477	8,707,070	3,340,407	38.4%
Deferred Inflows of Resources				
Unearned dredging revenue	1,463,338	3,094,019	(1,630,681)	-52.7%
Unearned ground lease revenue	17,852	636,214	(618,362)	-97.2%
Deferred inflow-Rights Fee IP	5,469,792	5,613,542	(143,750)	-2.6%
Deferred inflow-pension	328,260	1,774,178	(1,445,918)	-81.5%
Deferred inflow-OPEB	2,101,414	2,441,047	(339,633)	-13.9%
Deferred inflow-lease revenue	1,655,633,825	1,688,329,045	(32,695,220)	-1.9%
Total deferred inflows of resources	1,665,014,481	1,701,888,045	(36,873,564)	-2.2%
Net Position				
Invested in capital assets, net of related debt	45,539,248	75,408,613	(29,869,365)	-39.6%
Restricted for land fund	2,739,456	2,555,431	184,025	7.2%
Restricted for relocation project	6,458	183,798	(177,340)	-96.5%
Restricted for maintenance	63,734	64,134	(400)	-0.6%
Restricted for Water Booster Station Proj	1,119,340	331,176	788,164	238.0%
Unrestricted	64,373,501	38,237,611	26,135,890	68.4%
Total Net Position	$ 113,841,737	$ 116,780,763	$ (2,939,026)	-2.5%

Financial Analysis of PPHTD (continued)

Summary of Revenue and Expenses

During the year, PPHTD's net position decreased by $2,939,026. The elements of the increase can be seen in Table 2.

Table 2
Plaquemines Port, Harbor & Terminal District
Condensed Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2023 and 2022

	2023	2022	Dollar Change	Percent Change
Operating Revenue				
Charges for services, net	$ 6,665,246	$ 5,976,524	$ 688,722	11.5%
Total operating revenue	6,665,246	5,976,524	688,722	11.5%
Operating Expenses				
Salaries and related expenses	7,448,235	4,970,781	2,477,454	49.8%
Supplies, contract svcs, materials and other expenses	4,715,378	3,961,041	754,337	19.0%
Interagency service fee	1,371,683	1,229,781	141,902	11.5%
Depreciation & amortization	1,535,953	1,598,837	(62,884)	-3.9%
Total operating expenses	15,071,249	11,760,440	3,310,809	28.2%
Operating Income (Loss)	(8,406,003)	(5,783,916)	(2,622,087)	45.3%
Nonoperating Revenue (Expense)				
Ad valorem tax revenue, net	8,338	1,890	6,448	341.2%
Lease revenue	32,708,769	32,092,196	616,573	1.9%
Usage right expense	(607,252)	(519,244)	(88,008)	16.9%
Rights fee-IP revenue	143,750	122,917	20,833	16.9%
Grant revenue	792,177	626,615	165,562	26.4%
Interest income	3,163,200	2,263,616	899,584	39.7%
Interest Expenses-Leases	(4,186)	(6,176)	1,990	-32.2%
Other income	1,272	9,302	(8,030)	-86.3%
Loss on disposition of assets	(30,789,711)	17,265,665	(48,055,376)	-278.3%
Inter-governmental revenue, pension	50,620	33,063	17,557	53.1%
Total nonoperating revenue (expense)	5,466,977	51,889,844	(46,422,867)	-89.5%
Change in net position	(2,939,026)	46,105,928	(49,044,954)	-106.4%
Net position - beginning of year (as restated)	116,780,763	70,674,835	46,105,928	65.2%
Net position - end of year	$ 113,841,737	$ 116,780,763	$ (2,939,026)	-2.5%

Financial Analysis of PPHTD (continued)

As seen in Table 2, PPHTD's Condensed Statements of Revenues, Expenses, and Changes in Net Position:

- Operating revenue increased by $688,722 or 11.5% due to an increase in Tariff Fee activity at the facilities located within PPHTD.
- The increase in operating expenses is due primarily to the increases in salaries and related expenses, supplies and interagency service fees.

Budget

Annually PPHTD adopts an Operating Budget for best-practice internal controls. PPHTD is not required to report a budget according to the Local Government Budget Act.

Source of Revenue

Operating

All vessels engaged in foreign or domestic coastwise, inter-coastal, or intra-coastal trade and inland watercraft engaged in interstate or intrastate commerce shall be assessed fees as provided in the Plaquemines Port, Harbor, and Terminal District tariff. The tariff assists in defraying necessary, direct, and indirect, port, harbor, and marine services to port and harbor users and other persons located in proximity to and affected by such activities due to the unique geographic and environmental characteristics of the Plaquemines Port Harbor and Terminal District.

Such fees and charges are to be used for the expenses of the administration and maintenance of the port and harbor including: Administering, regulating, and monitoring of the shipping traffic and handling of cargo in the harbor; supervising shipping of the port with the view of preventing collisions and fires; policing the river and riverfront and all navigable waterways, as well as the banks, battures, and contiguous and adjacent areas affected by port, harbor, terminal, water, and marine activities; providing emergency services to vessels in distress, including extinguishing fires in vessels and equipment and in cargo handled in and upon the areas of the Port's contiguous waterways and located in wharves and facilities upon the banks, battures, contiguous waterways and adjacent areas in Port administered facilities; without additional charge (except for the cost of supplies, materials, and equipment expended by the Plaquemines Port Harbor and Terminal District in the performance of such services).

Non-Operating

In 2023, PPHTD's sources of non-operating revenue consisted of multiple sources.

- PPHTD receives interest on balances in various bank accounts and investment in the Louisiana Asset Management Pool.
- PPHTD entered a Right-of-Way lease with High Point Gas Transmission, LLC in 2016 for a pipeline right-of-way on Port property located in Point Celeste, Louisiana.
- PPHTD receives monthly lease payments from Marine Spill Response Corporation for the purpose of leasing warehouse, dock facilities and a parking area located at Fort Jackson, Louisiana.

Source of Revenue (continued)

- PPHTD received lease income from an agreement with Venture Global Plaquemines LNG, LLC for leasing property located in Point Celeste, Louisiana.

- PPHTD was awarded 2018-2023 federal port security grants for numerous Port Security projects.

Capital Assets

During the year, PPHTD had a decrease of $29,869,365 in capital assets; see table below. A significant part of this total was due to a land sale totaling $30,789,711.

	12/31/2022	Additions	Deletions	12/31/2023
Capital assets, not depreciated				
Land	$ 50,155,414	$ 1,440,685	$(30,789,711)	$ 20,806,388
Construction in progress	3,595,619	454,889	(1,282)	4,049,226
Total Capital assets, not depreciated	53,751,033	1,895,574	(30,790,993)	24,855,614
Capital assets, being depreciated				
Buildings	5,447,556	-	-	5,447,556
Land Improvements	138,138	-	-	138,138
Improvements other than buildings	16,144,800	110,273	-	16,255,073
Machinery and Equipment	22,466,746	451,734		22,918,480
Less Accumulated Depreciation	(22,539,660)	(1,535,953)		(24,075,613)
Total Capital assets, being depreciated	21,657,580	(973,946)	-	20,683,634
Capital Assets, net	$ 75,408,613	$ 921,628	$(30,790,993)	$ 45,539,248

Economic Factors and Next Year's Budget and Rates

The PPHTD considered the following factors and indicators when setting next year's budget, rates, and fees. These factors include:

- Venture Global Plaquemines LNG, LLC entered into a ground lease with PPHTD in July 2021 for a 632-acre parcel in addition to a ground lease for a laydown area of eighty acres. The Port is entering another Lease in 2024 with Plaquemines Land Ventures, LLC for an additional 584 Acres.

- Port Development—PPHTD will continue to work towards its strategic goal to becoming a landlord port by acquiring real estate.

- Ferries – cost-cutting and risk mitigation initiatives will be a high priority moving forward. A two Ferry system is vital to the Port's growth and the Parish's public transit system. This includes ramp replacement in Pointe-ala-hache. The Port received Federal Grants for $18.5 million to replace the Point a la Hache Ferry Landings and $26.5 million through DOTD LA for a new build diesel electric ferry.

Economic Factors and Next Year's Budget and Rates (continued)

- People – will remain a high priority to address the low organizational morale that has developed over the past 18 months.

- Process – A process control and improvement system is a high priority over the next 12 months.

- Technology and Innovation – the use of technology, including high-definition cameras, GIS, and AIS leveraged with innovative practices, is under development to improve future timing and accuracy of the port's tariff billing practices and to improve safety and security with real-time visibility of all the region's critical assets.

- Master Plan – Market analysis and economic impact studies were completed in 2023 to feed the development of a new 2024 Master Plan. This plan will replace the outdated 2010 existing Master Plan. The Port will start a Navy Business Case Analysis in 2024 to connect the Joint Base Naval Air Station Belle Chasse to the Intermodal network for air cargo.

- Rebranding – The Port is engaged with Palmer Agency to improve the Port's global brand recognition.

Contacting PPHTD's Financial Management

This financial report is designed to give our Plaquemines Parish Government, citizens, tenants, customers, and creditors a general overview of PPHTD's finances. If you have questions about this report or need additional financial information, contact Charles Tillotson, Port Executive Director, 8056 Highway 23, 3rd Floor, Belle Chasse, LA 70037.

FINANCIAL STATEMENTS

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
STATEMENT OF NET POSITION
December 31, 2023

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 3,269,289
Investments	25,489,889
Trade receivables, net of allowance	1,716,378
Other receivables	5,291
Grant receivable	359,527
Lease Receivable	14,064,289
Prepaid expenses	129,217
Restricted current assets	
Cash and cash equivalents	6,129,165
Total Current Assets	51,163,045
NON CURRENT ASSETS	
Capital assets, net of accumulated depreciation	45,539,248
Accumulated amortization - Lease Asset	(361,073)
Leases	430,762
Lease Receivable	1,681,637,094
Receivable - Rights Fee IP	5,750,000
Total Non Current Assets	1,732,996,030
TOTAL ASSETS	1,784,159,075
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	2,877,806
Other postemployment benefits	3,866,814
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,744,620
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	1,046,469
Accrued expenses	494,422
PILOT liability	555,255
Total Current Liabilities	2,096,146
NON CURRENT LIABILITIES	
Compensated absences	277,656
Net Pension Liability	2,090,831
Lease Liability	87,569
Other post employment benefits payable	7,495,275
Total Non Current Liabilities	9,951,331
TOTAL LIABILITIES	$ 12,047,477

The accompanying notes are an integral part of these financial statements.

DEFERRED INFLOWS OF RESOURCES		
Dredging revenue	$	1,463,338
Ground lease revenue		17,852
Rights fee - IP		5,469,792
Pensions		328,260
Other post-employment benefits		2,101,414
Lease revenue		1,655,633,825
TOTAL DEFERRED INFLOWS OF RESOURCES		1,665,014,481
NET POSITION		
Invested in capital assets, net of related debt		45,539,248
Restricted for land fund		2,739,456
Restricted for relocation project		6,458
Restricted for maintenance		63,734
Restricted for Land Expropriation		1,119,340
Unrestricted		64,373,501
TOTAL NET POSITION	$	113,841,737

The accompanying notes are an integral part of these financial statements.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended December 31, 2023

OPERATING REVENUES	
Charges for services, net	$ 6,665,246
TOTAL OPERATING REVENUES	6,665,246
OPERATING EXPENSES	
Advertising	19,401
Depreciation	1,535,953
Dues and subscriptions	61,254
Fuel	955,289
Insurance	837,871
Interagency service charge	1,371,683
Legal fees	102,613
Materials and supplies	245,023
Other office charges and supplies	114,999
Professional service fees	1,213,204
Rentals and leases	141,502
Repairs and maintenance	399,107
Salaries and related expenses	7,448,235
Technical services	387,847
Travel	89,061
Utilities and communications	148,208
TOTAL OPERATING EXPENSES	15,071,249
OPERATING LOSS	(8,406,003)
NON-OPERATING REVENUES (EXPENSES)	
Ad valorem tax revenue bad debt expense	8,338
Lease revenue	32,708,769
Usage right expense - service concession agreement	(607,252)
Rights fee-IP revenue	143,750
Grant revenue	792,177
Dredging revenue	1,630,681
Dredging expense	(1,630,681)
Interest income	3,163,200
Interest expense-leases	(4,186)
Other revenue	1,272
Loss on disposition of assets	(30,789,711)
Inter-governmental revenue, pension	50,620
TOTAL NON-OPERATING REVENUES (EXPENSES)	5,466,977
CHANGES IN NET POSITION	(2,939,026)
Total net position, beginning of year (restated)	116,780,763
Total net position, end of year	$ 113,841,737

The accompanying notes are an integral part of these financial statements.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 6,593,156
Cash payments to employees for employee related costs	(6,058,441)
Cash payments to suppliers for operating expenses	(6,001,098)
Net cash used by operating activities	(5,466,383)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Ad valorem income	8,338
Grant income	830,192
Dredging expense	(1,630,681)
Lease income	15,863,104
Interest expense-leases	(4,186)
Usage right expense - service concession agreement	(607,252)
Intergovernmental revenue, pension	50,620
Miscellaneous	88,554
Net cash provided by non-capital financing activities	14,598,689
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(2,456,299)
Net cash used by capital and related financing activities	(2,456,299)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	
Interest income received	3,163,200
Purchase of investments	(24,594,603)
Net cash provided by investing activities	(21,431,403)
Net increase in cash and cash equivalents	(14,755,396)
CASH AND CASH EQUIVALENTS, beginning	24,153,850
CASH AND CASH EQUIVALENTS, ending	$ 9,398,454
Cash as shown on the Statement of Net Position:	
Unrestricted Cash	$ 3,269,289
Restricted Cash	6,129,165
Total Cash and Cash Equivalents, end of year	$ 9,398,454

The accompanying notes are an integral part of these financial statements.

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating Loss	$	(8,406,003)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation		1,535,953
(Increase) Decrease in Assets:		
Trade receivables		(72,090)
Prepaid expenses		(103,050)
Net pension asset & deferred outflows		(326,239)
Post employment benefits obligation - deferred outflows		260,762
Increase (Decrease) in Liabilities:		
Compensated absences		31,622
Net pension liability & deferred inflows		644,914
Post employment benefits obligation & deferred inflows		778,735
Accounts payable and accrued expenses		189,013
Net cash flows used by operating activities	$	(5,466,383)

The accompanying notes are an integral part of these financial statements.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Plaquemines Port, Harbor & Terminal District (the "District") was officially established in 1954 as an agency of the State of Louisiana, as per Act No. 567 of the Louisiana Legislature. The District's territorial jurisdiction is coextensive with the parish of Plaquemines, Louisiana. The Plaquemines Parish Council is empowered through the 1974 Constitution of Louisiana (R.S.34:1351-1356) and the Plaquemines Parish Home Rule Charter Section 4.01, A (27): Legislative Powers, as the sole governing authority of the Plaquemines Port, Harbor & Terminal District. The Plaquemines Parish Council serves as the local government, and as the Port Board of Commissioners (the "Board"). The Board sets policies and regulates tariffs and governs the operations of the District.

Plaquemines Parish Ordinance 12-139 was enacted by Plaquemines Parish Government on July 12, 2012, which segregated the District from the Plaquemines Parish Government, specifically providing that the executive director of the District be the appointing authority under the current Civil Service rules for all positions serving the District. Ordinance 12-139 also specifically provided that the following functions be performed by the District: (1) civil service, payroll, personnel, and human resources; (2) budgeting, auditing, financial and accounting; (3) administrative and data processing; (4) procurement, purchasing and accounts payable; (5) operations, safety, public service and telecommunications; and (6) facilities and equipment management functions. While Ordinance 12-139 was written to be effective immediately, for convenience of administration, the actual transfer of employment, accounting records, etc. was done on January 1, 2013.

Prior to 2013, the District financial statements were reported as a blended component unit of the Plaquemines Parish Government on its annual financial report. The District was fiscally dependent upon the parish government. The District's financial statements were reported as a blended component unit of the Plaquemines Parish Government due to the significance of the relationship and not doing so would be misleading.

The District is responsible for maintaining the waterways of the Plaquemines Parish. The District is responsible for administering, regulating, and monitoring of the shipping traffic and handling of cargo in the harbor; supervising shipping of the port with the view of preventing collisions and fires; policing the river and riverfront and all navigable waterways, as well as the banks, battures, and contiguous and adjacent areas affected by port, harbor, terminal, water, and marine activities; and providing emergency services to vessels in distress, including extinguishing fires in vessels and equipment and in cargo handled in and upon the areas of the District's contiguous waterways and located in wharves and facilities upon the banks, battures, contiguous waterways and adjacent areas in the District's administered facilities. The district is also responsible for the operations of ferries at two locations in the 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 Reporting Standards*, published by GASB. The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity

The Governmental Accounting Standards Board issued GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statement No. 14 and No. 34*, which established criteria for determining the reporting entity and component units that should be included within the reporting entity and other reporting relationships. The basic criteria for including a potential component unit within the reporting is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

- Appointing a voting majority of an organization's governing body, and the ability of the primary government to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

- Organizations for which the primary government does not appoint a voting majority but are fiscally dependent on the primary government.

- Organization for which the reporting entity financial statements would be misleading if the data of the organization is not included because of the nature or significance of the relationship.

Based upon the previous criteria, the District has determined it has no component units.

The Plaquemines Parish Government is considered to be a related organization to the District as the Plaquemines Parish Council makes up the members of the Board of the District.

The financial statements only include the funds of the District, the reporting entity.

B. Fund Accounting

The accounts of the District are organized and operate 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 Enterprise Fund is used to account for the operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that cost (expenses, including depreciation) of providing services on a continuing basis be financed primarily through user charges.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenses 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 accrual basis of accounting, whereby revenues are recognized when they are earned, and expenses are recognized when incurred is used to account for the Enterprise Fund.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Accounting Standards

GASB No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, incorporates the text of certain FASB, APB, and ARB pronouncements that were issued before November 30, 1989, that applied to governments. Those pronouncements had become nonauthoritative for governmental entities when the FASB established the FASB Accounting Standards Codification as the single source of authoritative, nongovernmental GAAP for nonpublic entities in September 2009. While GASB No. 62 kept the substance of that guidance, it nevertheless modified the guidance to recognize the effects of the governmental environment and the needs of governmental financial statement users.

E. Income Taxes

The District is a governmental entity under Section 517 of the Internal Revenue Code and is therefore exempt from Federal income taxes.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are depreciation expense and deferred inflows and deferred outflows relating to pension liability/asset.

G. Cash and Cash Equivalents

Cash and cash equivalents, for cash flow statement purposes, include investments in highly liquid debt instruments with maturities of three months or less.

H. Receivables

All receivables are reported net of estimated uncollectible amounts.

I. Capital Assets

Capital assets purchased or acquired are reported at cost. Contributed assets are reported at fair market value at date received. Additions, improvements, and other capital outlays that are $5,000 or more that extended the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets, other than land and construction in progress, is provided on the straight-line basis over the following estimated useful lives:

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Capital Assets (continued)

Description	Years Depreciated	Reporting Threshold
Land	N/A	$ 1
Land improvements	20-30	25,000
Buildings	25-40	50,000
Building improvements	7-30	50,000
Infrastructure	20-50	250,000
Machinery and Equipment	5-15	5,000

J. Assets Whose Use Is Restricted

Assets whose use is limited or restricted consist of cash. These assets are amounts that can only be spent for specific purposes because of internally imposed or externally imposed conditions by grantors or creditors.

K. Operating Revenues and Expenses

The District's statement of revenues, expenses and change in net position distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with maintaining the waterways of Plaquemines Parish – the District's principal activity. Non-exchange revenues, including taxes, grants, pilot (payment in lieu of taxes), and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide services, other than financing costs.

L. Grants

From time to time, the District receives grants from the State of Louisiana and the Federal government. Revenues from grants are recognized when all eligibility requirements, including time requirements, are met. Grants may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses.

M. Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of financial position will sometimes report a separate section for deferred outflows and inflows of resources. These separate financial statement elements represent an acquisition of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Restricted Resources

When the District has both restricted and unrestricted resources available to finance a particular program, it is the District 's policy to use restricted resources before unrestricted resources.

O. Net Position

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended, net position is classified 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 the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

- Restricted - This component of net position consists of assets that have constraints that are externally 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 - All other net position is reported in this category.

P. Compensated Absences

Accumulated annual leave is accrued as an expense of the period in which it incurred. Employees of the District earn annual pay and sick pay based on an employee's length of employment and is earned ratably during the span of employment. Upon termination or resignation, employees are paid full value for any accrued annual leave earned.

At December 31, 2023, employees have accumulated and vested $277,656 of annual leave benefits, which is recorded as a current liability.

Q. OPEB - Other Post-Employment Benefits

GASB Statement No. 75. *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – This Statement replaces the requirements of GASB Statement No. 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement 75 requires more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. This Statement is effective for fiscal years beginning after June 15, 2017, and, as a result, was adopted during the year ended December 31, 2018. The District has recorded liabilities for postemployment benefits in the amount of $7,495,275 as of December 31, 2023.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The postemployment benefit obligation is recorded as a long-term liability and changes to the liability are recorded as other salaries and employee expense.

R. Leases

GASB Statement No. 87. *Leases* – The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. 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 a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for fiscal years beginning after June 15, 2021, and, as a result, was adopted during the year ended December 31, 2022. After implementation of statement 87, the District has recorded lease assets of $430,762, lease receivables of $1,695,701,383 and a lease liability of $87,569 as of December 31, 2023.

NOTE 2 – CASH AND CASH EQUIVALENTS

At December 31, 2023, the District has cash and cash equivalents (book balances) totaling $ 9,398,454 as follows:

Unrestricted	
Demand deposits	$ 3,269,289
Total unrestricted cash	3,269,289
Restricted	
Land	2,739,457
Payment in Lieu of Taxes	555,255
Designated for Relocation Project	6,458
Designated for Land Maintenance	63,735
Designated for Land Expropriation-Lot 61 Piano Keys Project	210,000
Designated for Land Expropriation-Lot 54 Piano Keys Project	372,750
Designated for Land Expropriation-Lot 7 Piano Keys Project	108,389
Designated for Land Expropriation-Lot 55 & 56 Piano Keys Project	428,200
Designated for Dredging Project	1,644,921
Total restricted cash	6,129,165
Total amount of Cash & Cash Equivalents	$ 9,398,454

These deposits are stated at cost, which approximates market.

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

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

Under state law, the deposits held at a fiscal agent bank (or the resulting bank balances) must be secured by federal deposit insurance or the pledged securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must, at all times, equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk is the risk that in event of a bank failure, the District's deposits may not be returned to it. Cash was adequately collateralized with state law by Federal Deposit Insurance Corporation (FDIC) coverage and by securities held. At December 31, 2023, the District had $9,372,608 in deposits (collected bank balances). These deposits are secured from risk by $500,000 of federal deposit insurance and $10,736,090 of pledged securities held by the custodial bank in the name of the fiscal agent bank. Even though the pledged securities are considered to be subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statue 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.

Supplemental cash flow disclosure:
For the year ended December 31, 2023, the District had no noncash investing and financing transactions.

NOTE 3 – INVESTMENTS

At December 31, 2023, the District's unrestricted investments in the Louisiana Asset Management Pool (LAMP) totaled $25,489,889. These deposits are stated at cost. LAMP is a local government investment pool established as a cooperative effort to enable public entities of the State of Louisiana to aggregate funds for investments.

In accordance with GASB Codification Section 150.165, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.165 because the investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana and is governed by a board of directors comprised of representatives from various local governments and state-wide professional organizations.

Only local governments have contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP is rated AAAm by Standard & Poor.

NOTE 3 – INVESTMENTS (continued)

LAMP issues a publicly available financial report that includes financial statements and required supplementary information. The financial report is designed to provide a general overview of LAMP's finances for those with an interest in LAMP's finances. Access to the reports can be found on the Louisiana Legislative Auditor's website, www.lla.la.gov or by contacting LAMP at 228 St. Charles Ave., Suite 1123, New Orleans, LA 70130.

Interest Rate Risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the District will not be able to fully recover the value of the investment. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

GASB Statement No. 40 *Deposit and Investment Risk Disclosure*- An Amendment of GASB Statement No. 3 defines concentration of risk as the risk of loss attributed to the magnitude of a government's investment in a single issuer. GASB 40 further defines an at-risk investment to be one that represents more than five percent (5%) of the market value of the total investment portfolio and requires disclosure of such at-risk investments. GASB 40 specifically excludes investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments from the disclosure requirement. At December 31, 2023, the District had no investments requiring a Concentration of Credit Risk disclosure.

NOTE 4 – PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. These items, totaling $129,217 primarily include membership dues in future years.

NOTE 5 – TRADE RECEIVABLE

The District's trade receivable account totaled $2,405,283 for the year ended December 31, 2023. The District's cumulative allowance for doubtful accounts was $688,905 at year end which resulted in a net trade receivable of $1,716,378 for the year ended December 31, 2023.

An allowance for uncollectible accounts is estimated and recorded based upon the District's historical experience. For the year ended December 31, 2023, the District recorded bad debt expense related to trade receivables of $246,114.

NOTE 6 - AD VALOREM TAX RECEIVABLE AND REVENUE

Ad valorem tax assessment

Per Louisiana Revised Statue 34:1356, the District acting through its governing authority, may levy annually an ad valorem tax not to exceed five mills on the dollar on the property subject to taxation situated in the district. All funds derived under this Subsection shall be

NOTE 6 - AD VALOREM TAX RECEIVABLE AND REVENUE (continued)

used for the needs and lawful purposes of the district, including the construction of capital improvements.

In 2023, the District did not levy an ad valorem tax.

Ad valorem tax receivable

In the years 2014 and 2015, the District levied three (3.0) mills ad valorem tax. In the years 2016 and 2017, the District levied one and one-half (1.5) mills ad valorem tax. The ad valorem tax levied in previous years was dedicated to the repayment of the District's bond debt. The bond proceeds were used to purchase a 548-acre port development site.

Ad valorem tax receivables account totaled $485,956 for the year ended December 31, 2023, for the prior assessment (2014 through 2017.)

The District's cumulative allowance for uncollectible receivables was adjusted to $485,956 at year end which resulted in a net ad valorem tax receivable of $0 for the year ended December 31, 2023.

NOTE 7 – GRANT RECEIVABLE

Port Security Grant Receivable

In 2023, the District was awarded a 2023 Port Security Grant in the amount of $2,304,825. The District was required to contribute a cost match in the amount of $768,275 of non-federal funds. This award was for five port projects including Rescue Boats support and enhancement, phase II of port security dock for new barge, phase II for GIS acquisition and implementation, support for cybersecurity and information technology systems, and helicopter camera system. Funds were available for reimbursement on September 1, 2023, for Sustainment and Enhancement of Port Rescue Boats, New Port Security Dock for New Barge Phase II, GIS Acquisition and Implementation Phase II, Sustainment for Cybersecurity and IT Systems, and Camera/FLIR and Camera System for Port Helicopter.

The District incurred expenses of $286,605 for 2023 which qualified for reimbursement. The Port received the reimbursement for these expenses in May 2024. The amount due from FEMA is $214,954 on December 31, 2023.

Hurricane Isaac Reimbursement

In 2012 the Plaquemines Parish Government filed a PW with FEMA on behalf of the District in regard to reimbursement of overtime labor due to the impact of Hurricane Isaac. This PW continues to be re-worked with FEMA. The amount receivable due from FEMA at December 31, 2023, is $109,674.

NOTE 7 – GRANT RECEIVABLE (continued)

Port Priority Grant Program

On March 10, 2022, the district executed an agreement between the State of Louisiana Department of Transportation and Development and the Plaquemines Port, Harbor and Terminal District, which allocated funding and funding obligation authority for the Alliance Booster Station and Feed Lines Upgrades project through the Port Construction and Development Priority Program. The District is required to use its own funds to finance the project and will be reimbursed by DOTD only after funding for the project is available and has been approved by the legislature. In no event shall reimbursement by the DOTD exceed 90% of the amount of eligible costs.

The construction for this project began in 2023 and the District incurred reimbursable expenses of $38,776 in the year 2023. The amount due from the State of Louisiana Department of Transportation and Development, Port Construction and Development Priority Program at December 31, 2023 is $34,898.

NOTE 8 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2023, is as follows:

	12/31/2022	Additions	Deletions	12/31/2023
Capital assets, not depreciated				
Land	$ 50,155,414	$ 1,440,685	$(30,789,711)	$ 20,806,388
Construction in progress	3,595,619	454,889	(1,282)	4,049,226
Total Capital assets, not depreciated	53,751,033	1,895,574	(30,790,993)	24,855,614
Capital assets, being depreciated				
Buildings	5,447,556	-	-	5,447,556
Land Improvements	138,138	-	-	138,138
Improvements other than buildings	16,144,800	110,273	-	16,255,073
Machinery and Equipment	22,466,746	451,734		22,918,480
Less Accumulated Depreciation	(22,539,660)	(1,535,953)		(24,075,613)
Total Capital assets, being depreciated	21,657,580	(973,946)	-	20,683,634
Capital Assets, net	$ 75,408,613	$ 921,628	$(30,790,993)	$ 45,539,248

Depreciation charged for the year ended December 31, 2023, was $1,535,953.

Land Purchase

Throughout the year of 2023, the district adopted ordinances authorizing the Executive Director to purchase tracts of land to continue port development. The expenses related to these purchases totaled $1,440,685.

Resolution Number 23-41, dated February 1, 2023, authorized the district, in accordance with a CEA and lease agreement with Plaquemines Liquids Terminal, LLC, to sell property to the Coastal Protection and Restoration Authority. The sale of this property reduced the land asset by 30,789,711.

NOTE 8 – CAPITAL ASSETS (continued)

Improvements other than buildings

In 2023, the District expended $110,273 on improvements which included signage for the building at 8056 Hwy 23 as well as installation of security camaras at the Belle Chasse ferry ramps.

Machinery and Equipment

The District added $451,734 of various machinery and equipment assets.

Construction in Progress

The District added $454,889 of construction in progress assets which included the expenses associated with the process of purchasing of tracts of land, as well as expenses related the B3 Relocation and Water Booster Station Projects. $1,282 was deleted from Construction in Progress and was added to Land in 2023.

NOTE 9 – ACCRUED EXPENSES

Certain payments to vendors have been accrued in the account as they relate to 2023 activity. These payments will be made following the year end December 31, 2023. The amount of accrued expenses at year end December 31, 2023, was $494,422.

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NOTE 10 - POST EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan description – The Plaquemines Port Harbor & Terminal District (the Port) provides certain continuing health care and life insurance benefits for its retired employees. The Plaquemines Port Harbor & Terminal District's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Port. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Port. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB).

Benefits Provided – Medical, dental, vision and life insurance benefits are provided through comprehensive plans and are made available to employees upon actual retirement. Employees are covered by Plan A of the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2007 retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service.

Life insurance coverage is provided to retirees and 83% of the rate is paid by the employer for the amount $10,000. The amount of insurance coverage while active is continued after retirement, but insurance coverage amounts are reduced to 50% of the previous amount at age 70, and additionally by 50% upon retirement if before age 70.

NOTE 10 - POST EMPLOYMENT BENEFITS (continued)

Employees covered by benefit terms – As of the measurement date December 31, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	8
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	55
	63

Total OPEB Liability

The Port's total OPEB liability is $7,495,275 as of the measurement date December 31, 2023, the end of the fiscal year.

Actuarial Assumptions and other inputs – The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0%
Salary increases	4.75%, including inflation
Discount rate	3.72% annually (Beginning of Year to Determine ADC)
	3.26%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	Getzen model, with initial trend of 5.5%
Mortality	PubG.H-2010

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2023, the end of the applicable measurement period.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2023.

Changes in the Total OPEB Liability

Balance at December 31, 2022	$ 6,376,907
Changes for the year:	
Service cost	535,471
Interest	254,064
Differences between expected and actual experience	495,775
Changes in assumptions	-
Benefit payments and net transfers	(166,942)
Net changes	1,118,368
Balance at December 31, 2023	$ 7,495,275

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Port, as well as what the Port's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26%) or 1-percentage-point higher (4.26%) than the current discount rate:

NOTE 10 - POST EMPLOYMENT BENEFITS (continued)

	1.0% Decrease (2.26%)	Current Discount Rate (3.26%)	1.0% Increase (4.26%)
Total OPEB liability	$ 8,781,830	$ 7,495,275	$ 6,480,425

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Port, as well as what the Port's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	$ 6,183,103	$ 7,495,275	$ 9,182,370

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2023, the Port recognized OPEB expense of $1,206,439. At December 31, 2023, the Port reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,420,220	$ (937,852)
Changes in assumptions	446,594	(1,163,562)
Total	$ 3,866,814	$ (2,101,414)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending December 31:	
2024	416,904
2025	416,904
2026	416,904
2027	416,904
2028	416,898
Thereafter	(319,114)

NOTE 11 – PENSION PLAN

Plan Description

Employees of the Plaquemines Port Harbor & Terminal District (the "District") are provided with a pension through a cost-sharing, multiple-employer, defined benefit plan administered by the Parochial Employees' Retirement System of Louisiana (PERS). PERS is a state-wide public retirement system for the benefit of all employees of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elect to become members of PERS. PERS was established and provided for within LSA-RS 11:1901 through 11:2025. The plan is a qualified plan as defined by the Internal Revenue Service Code Section 401 (a), effective January 1, 1993. Membership in PERS is a condition of employment for the full-time employees of the District.

Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised PERS to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The Employees of the District are members of Plan A.

For the year ended December 31, 2022, there were 290 contributing employers in Plan A and 50 in Plan B. Statewide retirement membership consisted of:

	Plan A	Plan B	Total
Inactive plan members or beneficiaries receiving benefits	13,412	2,314	15,726
Inactive plan members entitled to but Not yet receiving benefits	8,284	1,074	9,358
Active members	10,332	2,218	12,550
Total Participating as of the Valuation Date	32,028	5,606	37,634

PERS administers a plan to provide retirement, disability, and survivor's benefits to eligible employees and their beneficiaries as defined in the plan. The age and years of creditable service (service) required in order for a member to receive retirement benefits are established by the plan and vary depending on the member's hire date.

PERS issues a publicly available financial report that includes financial statements and required supplementary information for the system for the fiscal year ended December 31, 2022. Access to the report can be found on the Louisiana Legislative Auditor's website, www.lla.la.gov, or by contacting the Parochial Employees' Retirement System of Louisiana, 7905 Wrenwood Boulevard, Baton Rouge, Louisiana. 70809.

Eligibility Requirements

All permanent District employees who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

NOTE 11 – PENSION PLAN (continued)

Retirement Benefits

A member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:
1. Any age with thirty (30) years or more of creditable service
2. Age 55 with twenty five (25) years of creditable service
3. Age 60 with a minimum of ten (10) years of creditable service
4. Age 65 with a minimum of seven (7) years of creditable service

For employees hired after January 1, 2007:
1. Age 55 with thirty (30) years of service
2. Age 62 with ten (10) years of service
3. Age 67 with seven (7) years of service

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions as outlined in the statues, the benefits are limited to specified amounts.

Survivor Benefits

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit as outlined in the statutes.

Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007 and has at least five (5) 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 officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three (3) percent of the member's final average compensation multiplied by his/her years of service, not to be less than fifteen (15), or three (3) percent multiplied by years of service assuming continued service to age sixty.

Deferred Retirement Option Plan (DROP)

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Parochial Employees' Retirement System of Louisiana. DROP is an option for that member who is eligible for normal retirement.

NOTE 11 – PENSION PLAN (continued)

In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in DROP in which they are enrolled for three (3) years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his/her option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the DROP on or after January 1, 2004, all amounts which remain credited to the individuals subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return, or at the option of PERS, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the State or PERS, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Cost of Living Adjustments

The Board of Trustees (the "Board") is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are age sixty-five (65) equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older as provided in Louisiana Revised Statute 11:1937. Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Contributions

Contributions for all members are established by State statute at 9.5% of compensation for Plan A and 3.0% of compensation for Plan B. The contributions are deducted from the member's salary and remitted by the participating employer.

According to State statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2022, the actuarially determined contribution rate was 7.10% of member's compensation for Plan A and 4.93% of member's compensation for Plan B. However,

NOTE 11 – PENSION PLAN (continued)

NOTE 11 – PENSION PLAN (continued)

the actual rate for the fiscal year ending December 31, 2021 was 10.38% for Plan A and 7.07% for Plan B.

According to State statute, PERS also receives ¼ of 1% of ad valorem taxes collected within the respective parishes except for Orleans and East Baton Rouge parishes. PERS also receives revenue sharing funds each year as appropriated by the Louisiana Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-contributing entities.

Administrative costs of PERS are financed through employer contributions.

The District's employer and employee contributions to PERS for the measurement date fiscal year ended December 31, 2022 were as follows:

Source	Contribution Amount	Covered Payroll	Percent of Covered Payroll
Employee	$ 331,213	3,613,918	9.16%
Employer	422,191	3,613,918	11.68%
	$ 753,404		

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>

At December 31, 2023, the District reported a liability of $2,090,831 for its proportionate share of the PERS Net Pension Liability (NPL). The NPL for PERS was measured as of December 31, 2022, and the total pension liability used to calculate the NPL was determined based on an actuarial valuation as of that date. The District's proportion of the NPL was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contribution of all participating employers, actuarially determined. As of December 31, 2021, the most recent measurement date, the District's proportion was 0.543244%, an increase 0.143569% from the December 31, 2021 proportion.

For the year ended December 31, 2023, the District recognized a total pension expense of $876,871. This amount was made up of the following:

Components of Pension Expense	Amount
District's pension expense per the PERS	$ 876,893
District's amortization of actual contributions over its propottionate share of contribution	(22)
Total Pension Expense Recognized by the District	$ 876,871

NOTE 11 – PENSION PLAN (continued)

For the year ended December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 77,303	$ 230,359
Differences between projected and actual investment earnings	2,207,248	-
Change in assumptions	66,726	-
Change in proprotionate share of the Net Pension Liability	16,690	88,817
Differences between the District's contributions and its proportionate share of contributions	2,263	9,084
District's contributions subsequent to the December 31, 2022 measurement date	507,576	-
	$ 2,877,806	$ 328,260

Deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date in the amount of $505,576 will be recognized as a reduction of the PERS NPL in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended December 31,	Amount of Amortization
2023	$ 48,157
2024	$ 332,540
2025	$ 672,305
2026	$ 988,968

NOTE 11 – PENSION PLAN (continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability/(asset) as of December 31, 2021, are as follows:

Description	Assumptions / Methods
Valuation Date	December 31, 2022
Acturial Cost Method	Plan A - Entry Age Normal Cost
Investment Rate of Return	Plan A - 6.40% (Net of investment expense), including inflation
Inflation Rate	Plan A - 2.30%
Expected Remaining Service Lives	4 years
Projected Salary Increases	Plan A - 4.75%
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.

The Long-Term Expected Rate of Return

The long-term expected 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 model (bottom-up). Risk return and 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 2.30% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.7% for the year ended December 31, 2022.

NOTE 11 – PENSION PLAN (continued)

Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target asset allocation as of December 31, 2022 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed income	33%	1.17%
Equity	51%	3.58%
Alternatives	14%	0.73%
Real assets	2%	0.12%
Totals	100%	5.60%
Inflation		2.10%
Expected Arithmetic Nominal Return		7.70%

Discount Rate

The discount rate used to measure the total pension liability/(asset) was 6.40% for Plan A and 6.40% for Plan B. 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 PERS'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 the total pension liability.

NOTE 11 – PENSION PLAN (continued)

Sensitivity of the Proportionate Share of the NPL/A to Changes in the Discount Rate

The following presents the District's proportionate share of the NPL using the current discount rate of 6.40%, as well as what the District's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage higher than the current rate.

	Changes in Discount Rate 2022		
	1% Decrease 5.40%	Current Discount Rate 6.40%	1% Increase 7.40%
District's Proportionate Share of the Net Pension Liability (Asset)	$5,170,699	$ 2,090,832	($491,241)

Pension Plan Fiduciary Net Position

The components of the net position liability(asset) of PERS employers as of December 31, 2022, are as follows:

	Plan A	Plan B
Total Pension Liability	$ 4,658,944,882	$ 414,535,459
Plan Fiduciary Net Position	4,274,065,818	390,726,543
Net Pension Liability (Asset)	$ 384,879,064	$ 23,808,916

Detailed information about PERS's fiduciary net position is available in the separately issued December 31, 2022 financial report. This report can be found on the Louisiana Legislative Auditor's website (www.lla.la.gov) in the database of reports.

Payables to the Pension Plan

At December 31, 2023, the District had $271,995 in payables to PERS for the related to the fourth quarter 2023 employee ($123,045) and employer ($148,950) legally required contributions. The employer amount is accrued as a payable at year end and is also included in the deferred outflows figure since it is included as contributions made subsequent to the December 31, 2022, measurement date.

NOTE 12 – DEFERRED INFLOWS OF RESOURCES

The deferred inflows of resources totaled $1,665,014,480 as follows:

Dredging revenue	$ 1,463,338
Ground lease revenue	17,852
Rights Fee - IP	5,469,792
Pensions	328,260
Other post-employment benefits	2,101,414
Lease revenue	1,655,633,825
Total Deferred Inflows of Resources	$ 1,665,014,481

Dredging revenue

On July 16, 2019 the District approved Resolution #19-193 to enter into a Memorandum of Agreement with U.S. Army Engineer, New Orleans District concerning the provision of funds pursuant to the section 2106 of the Water Resources Reform and Development Act of 2014 for the use of environmental remediation related to dredging berths and federal navigation channels. On September 24, 2020 the Plaquemines Parish Council adopted Resolution #20-234 which authorized the Plaquemines Parish President to enter into a Cooperative Endeavor Agreement with the Executive Director of the Plaquemines Port, Harbor and Terminal District to collaborate and cooperated together to accomplish the goals of beneficial dredging of the harbors and access channels, and to remain qualified for the grant proceeds.

In 2020, the District received $2,717,720 from the USA Corps of Engineers for dredging. In 2021, the District received $950,400 from the USA Corps of Engineers for dredging.

Prior to 2023, the District in collaboration with Plaquemines Parish Government incurred dredging expenses of $574,101. For the year end December 31, 2023, the District incurred $1,630,681 of expenses.

At December 31, 2023, the District had $1,463,338 of unearned grant revenue.

Ground lease revenue

Plaquemines Parish Government

In 2020, Plaquemines Parish Government in pursuant to Ordinance #17-156, issued the District a check in the amount $45,330 for the appropriation of easements over lands reference as Tract Nos 6S, 6B, 6L, 6M, 6N, and 6P. The easements are temporary work areas for a term of seventy-two months. For the year ended December 31, 2023, the District recognizes $17,852 in unearned right way revenue.

NOTE 12 – DEFERRED INFLOWS OF RESOURCES (continued)

<u>Rights Fee - IP</u>

As shown in Note 20 - Concession Agreement - The agreement between SP and the District calls for four draw down payments to effect the development of the intellectual property (IP). Once all draw down phases are complete, the District will capitalize intellectual property valued at $8M and amortize over 40 years (480 months). During the draw down phases the District will report a receivable of intellectual property (IP) on the Statement of Net Position. Also, during the draw down phases, the District will amortize each draw down phase's associated right fee-IP revenue (a deferred inflow of resources) over 40 years. The deferred inflow is shown on the Statement of Net Position and the IP (intellectual property) revenue is shown on the Statement of Revenues, Expenses, and Change in Equity as non-operating revenue.

<u>Lease Revenue</u>

As shown in Note 17. As a lessor, the District applies GASB 87 accounting standard to record lease Revenue, lease receivable and corresponding deferred inflow of resources are recorded applying a discount rate.

NOTE 13 - PILOT (PAYMENT IN LIEU OF TAXES) – RECEIVABLES, LIABILITIES, REVENUE AND EXPENSES

Resolution 18-313 approved a donation of funds to the Plaquemines Port Harbor and Terminal District for the purchase of immovable property and to execute lease agreement and a cooperative endeavor agreement between the District and Plaquemines Liquids Terminal LLC. On November 16, 2018, the District purchased 613.52 acres of land. The District entered into a lease agreement with Plaquemines Liquids Terminal LLC on the same day. The lease states so long as the agreement remains in effect and the project site described in the lease is owned by the District, Plaquemines Liquid Terminal LLC shall make PILOT Payments in an amount equal to the amount of ad valorem taxes that would have been assessed against the project site and project components if the project site and project components were owned by Plaquemines Liquids Terminal LLC. PILOT is defined as payments in lieu of taxes; amounts paid to a state or local government in place of property taxes.

In 2023, the District earned $0 in PILOT (payment in lieu of taxes) revenue. It is the District's intent to share this revenue with taxing bodies of Plaquemines Parish in proportion with each year's approved millage tax roll. The District intends to enter into cooperative endeavor agreements (CEAs) with all taxing bodies to describe nature and timing for payments annually. The District has a contingent liability in 2023 in the amount of $555,255. Upon completion of CEAs the District will distribute PILOT payment to taxing bodies.

NOTE 14 – NON CURRENT LIABILITIES

Change in Non-Current Liabilities

Noncurrent liabilities activity for the year ended December 31, 2023, is as follows:

	12/31/2022	Additions	Reductions	12/31/2023
Accumulated Compensated Absence	$ 246,034	$ 31,621	$ -	$ 277,656
Pension Liability	$ -	$ 2,090,831	$ -	$ 2,090,831
Lease Liability	$ 176,996	$ -	$ 89,427	$ 87,569
Other post employment benefits payable	$ 6,376,907	$ 1,118,368	$ -	$ 7,495,275

NOTE 15 - RESTRICTED NET POSITION

Land Fund

The District adopted ordinance 02-45 on March 14, 2002, to set aside twenty percent of total annual tariff revenue earned in an account dedicated to future land acquisition. Spending of these funds must be approved through legislation approved by the Board of Port Commissioners. Activity for the restricted land fund for the year ended December 31, 2023, is described below:

Balance, January 1, 2023	$ 2,555,431
Additions:	
Current year restrictions 20%	1,325,975
Appropriations:	
Ordinance #23-91 Land Expropriation-Lot 61 Piano Keys	(210,000)
Ordinance #23-92 Land Expropriation-Lot 54 Piano Keys	(372,750)
Ordinance #23-157 Land Expropriation-Lot 7 Piano Keys	(117,600)
Ordinance #23-158 Land Expropriation-Lot 55 & 56 Piano Keys	(441,600)
Balance, December 31, 2023	$ 2,739,456

Relocation Project

In December 2017, the District appropriated $1,233,250 of the restricted land fund for an additional land purchase involving relocating a business for the purpose of port development.

The District disbursed $1,110,809 within the years 2017 to 2022 and $115,983 in 2023 of the funds set aside for the relocation project. The available balance at December 31, 2023, was $6,458
.

NOTE 15 - RESTRICTED NET POSITION (continued)

Port Maintenance – Drainage Project

During the year 2016, the District approved spending of $150,000 from the Land Fund for a 5-year capital improvement drainage project. In 2018, the Board of Commissioners appropriated an additional $100,000 to the District's 5-year Capital Budget for drainage maintenance and improvements via ordinance 18-159.

The District disbursed $186,265 within the years 2016 to 2022 and had no disbursements in 2023 of the funds set aside for the drainage project. The available balance at December 31, 2023, was $63,734.

Land Expropriation Projects

In 2023, the Board of Commissioners approved ordinances which authorized the Executive Director to have the Port's legal counsel file petitions pursuant to the Louisiana Constitution to expropriate certain properties .

These ordinances adopted in 2023, appropriated $1,141,950 for the estimated cost to expropriate these properties. In 2023, the District had $22,610 of expenditures for these land expropriation projects and project balances at December 31, 2023, that equals $1,119,340.

NOTE 16 – SERVICE REVENUE

Services provided by the District range from monitoring of ship traffic and handling of cargo in the harbor to preventing collisions and accidents and providing emergency services such as firefighting, search, and rescue. The services provided by the District are funded primarily by the collection of tariff fees including harbor fees, security fees, and supplemental fees. These fees are assessed to all vessels engaged in waterborne commerce within the District. The District imposes tariff charges on ships, vessels, boats, barges, wharves and facilities. The district also charges fees for a public ferry service within two locations in the parish.

The service revenue for the year ended December 31, 2023, can be categorized as follows:

Description		Amount
Security- Harbor	$	151,895
Security- Cargo		2,400,524
Harbor Fee		1,048,550
Docking Fee		338,030
Supplemental Harbor Fee		2,690,711
Minimum Charges		166
Ferry Tolls		279,212
Less: Allowance for Bad Debts		(243,842)
Total Service Revenue	$	6,665,246

NOTE 17 – LEASE REVENUE

Lease revenue for the year ended December 31, 2023, is made up of the following:

Warehouse and Dock		
Marine Spill Response Corporation	$	179,917
Property		
Highpoint Gas Transmission LLC		9,573
Phylway		6,000
Venture Global Plaquemines LNG, LLC		25,273,743
Plaquemines Land Ventures, LLC		7,231,981
Plaquemines Parish Government-ROW		7,555
Total Lease Revenue	$	32,708,769

Lease revenue – warehouse, dock, and parking area

Marine Spill Response Corporation (MSRC)

On June 14, 1994, the District entered into a written lease agreement with MSRC, an unrelated party for property, for the purpose of leasing a warehouse, dock facilities and parking area. The term of the lease is 30 years beginning June 1, 1995, and ending May 31, 2025. The lessee has the option to renew every 10 years. Monthly rent payments are increased by 10% every 60 months.

The unrelated party currently agrees to pay the District a sum of $17,715 monthly for the year 2023. Payments are due on the first day of each month.

The District applied a discount rate of 2.42% to recognize the lease revenue under this lease.

Lease revenue- property

High Point Gas Transmission, LLC

On December 31, 2015, the District entered into a pipeline right-of-way agreement with High Point Gas Transmission, LLC for a nonexclusive twenty-five (25) foot right-of-way, easement and servitude over, across and under Plaquemines Port, Harbor & Terminal District- owned tract of land located in Sections 1, 2 & 3, Township 17 South, Range 25 East, Plaquemines Parish, LA; to construct, lay, install, maintain, operate, inspect, alter, repair and, or, remove in whole or in part, one twelve (12") inch diameter pipeline, +/- 4,512.68 feet in length, containing a total of +/- 273.50 rods, for the transportation on of oil, gas, and water and/or any other gasses or liquids that can be transported in a pipeline.

This lease shall have a primary term of twenty (20) years with the option to renew and extend the agreement at the end of the primary term for one additional period of twenty years by notifying the District in writing 90 days prior to the end of the primary term. High

NOTE 17 – LEASE REVENUE (continued)

Point is required to pay the District in full prior to the first day of the primary term of rental payment the amount of $191,450. The established annual rental fee of $35.00 per rod for a pipeline with a diameter of 9 to 24 inches was established by ordinance 03-55 on April 10, 2003.

Phylway

On October 22, 2020, resolution 20-256 was adopted by the District's Board which authorized the Executive Director to lease a particular tract of land to Phlyway Construction LLC for the purpose of aiding in the construction of the back-levees in Plaquemines Parish. The lease is $500 per month. This lease is considered a month-to - month lease.

Venture Global Plaquemines LNG, LLC

The lease for parcel 2 is for an initial term of 30 years with options of 4 additional terms of 10 years each for a total term of 70 years. The initial ground lease payment is $738,498 monthly. After the fifth anniversary of the lease agreement and every five years thereafter, the annual lease payment will increase by the greater of 15% or the current CPI percentage, not to exceed 20%. The District applied a discount rate of 0.13% to recognize the lease revenue under this lease.

The lease for the laydown area parcel of land is for a term of 5 years, unless cancelled earlier. The ground lease payment is $93,334 monthly. The District applied a discount rate of 0.13% to recognize the lease revenue under this lease.

Plaquemines Land Ventures, LLC

The lease for parcel 3 (approximately 523 acres is for a term of 5 years. The ground lease payment is $610,807 monthly. The District applied a discount rate of 0.13% to recognize the lease revenue under this lease.

<u>Lease receivable and Revenue Recognition</u>

As the lessor, the District applies GASB 87 accounting standard to record lease revenue on the above leases. Lease receivable and corresponding deferred inflow of resources are recorded applying a discount rate. Leases that have terms less than 12 months or on a month-to-month basis revenue is recognized when earned. No lease receivable or deferred inflows are recorded for these leases.

As shown on the Statement of Net Position, the District has recorded lease receivables in the amount of $ $1,695,701,383 and deferred inflows of resources-lease in the amount of $1,655,633,825 pursuant to the lease noted above.

NOTE 17 – LEASE REVENUE (continued)

	Lease Receivable	Deferred Inflows
High Point Gas Transmission LLC	$ -	$ 114,870
Marine Spill Response Corporation	278,639	239,890
Venture Global Plaquemines LNG, LLC Parcel 2	1,674,426,975	1,633,128,645
Venture Global Plaquemines LNG, LLC Laydown Area	2,702,293	2,865,143
Plaquemines Land Ventures, LLC Parcel 3	18,293,476	19,285,277
	$ 1,695,701,383	$ 1,655,633,825

The District has entered into lease agreements involving land it owns. The terms and conditions of the leases are noted below. The rate used was 0.130% for Venture Global leases. The total amount of principal and interest received from these agreements amounted to $16,557,346 and $2,409,541, respectively. The future lease payments under these agreements are as follows:

	Year	Principal Payments	Interest Payments	Total
Y2	2024	14,064,289	2,017,320	16,081,609
Y3	2025	15,205,151	2,177,377	17,382,528
Y4	2026	12,204,309	2,157,968	14,362,277
Y5	2027	8,045,569	2,145,703	10,191,272
Y6-10	2028 - 2032	42,680,250	10,569,149	53,249,399
Y11-15	2033 - 2037	50,970,765	10,266,043	61,236,808
Y16-20	2038 - 2042	60,517,172	9,905,158	70,422,330
Y21-25	2043 - 2047	71,507,934	9,477,744	80,985,678
Y26-30	2048 - 2052	84,159,787	8,973,744	93,133,531
Y31-35	2053 - 2057	98,721,974	8,381,586	107,103,560
Y36-40	2058 - 2062	115,481,128	7,687,966	123,169,094
Y41-45	2063 - 2067	134,766,877	6,877,581	141,644,458
Y46-50	2068 - 2072	156,958,292	5,932,835	162,891,127
Y51-55	2073 - 2077	182,491,307	4,833,489	187,324,796
Y56-60	2078 - 2082	211,867,245	3,556,270	215,423,515
Y61-65	2083 - 2087	245,662,631	2,074,412	247,737,043
Y66-70	2088 - 2091	190,396,703	443,794	190,840,497
	TOTAL	$ 1,695,701,383	$ 97,478,139	$ 1,793,179,522

NOTE 18 – OPERATING LEASES

In 2023, the District recognized office space rent expense of $80,676, associated office space utility expense of $46,872 and rent expense for land of $15,060.

Land

On January 5, 2016, the District entered into an operating lease agreement with Plaquemines Parish Government authorized by ordinance 15-272 adopted on September 24, 2015, for the purpose of leasing office space located at 8056 Highway 23 and an undeveloped tract of land located at 333 F. Edward Hebert Drive, both locations in Belle Chasse, Louisiana. The lease for office space is for a primary term of five (5) years beginning January 1, 2016, and ending December 31, 2020. The lease for the undeveloped land is for a primary term of ten (10) years beginning January 1, 2016, and ending December 31, 2025. The initial monthly rental for the undeveloped tract of land is $1,000 a month. The initial payment for the land consisted of a lease rental for one-year totaling $12,000. Lease rentals for subsequent years for the land are due and payable for the entire year in advance of the anniversary date for each subsequent year of the agreement subject to consumer price index adjustments. In 2023, the District paid one year of property lease rental totaling $15,060.

Office space

On February 25, 2021, the Plaquemines Parish Council adopted Resolution 21-62 authorizing the Parish President to sign, execute and enforce a lease agreement between the Plaquemines Port, Harbor and Terminal District and the Plaquemines Parish Government, for the purpose of leasing office space located at 8056 Highway 23 and building utilities. The lease for office space is for a primary term of three (3) years beginning January 1, 2021, and ending January 1, 2024. The initial monthly rental is $5,900 for the District's office space and $2,554 for electricity and water services for the first year of the lease. Each year thereafter the District shall pay 40% of the preceding year's total expenses for electricity and water services provided to 8056 Highway 23. Lease rentals for subsequent years for the building and utilities are due and payable for the entire year in advance and are increased each year by an amount equal to the increase measured by the consumer price index. In 2023, the District paid one year of property lease rental and utilities totaling $127,548.

The District has entered into lease agreements involving buildings, land and equipment for operations. The terms and conditions of the leases are noted below. The increasement borrowing rate of 2.42% was utilized by the District, based on the District's historical borrowing rate from 2013. The total of the Government's leased assets are recorded at a cost of $430,762, less accumulated amortization of $361,073. The future lease payments under these agreements are as follows:

Year	Principal Payments	Interest Payments	Total
2024	21,244	2,015	23,259
2025	22,233	1,493	23,726
2026	11,270	947	12,217
2027	11,107	668	11,775
2028 - 2032	21,715	536	22,251
TOTAL	87,569	5,659	93,228

NOTE 19 - INTERAGENCY SERVICE CHARGE

Service Charge, Fire and Ambulance Services

On November 16, 2022, the District's Board of Commissioners (members of the Plaquemines Parish Council as governing authority) adopted the Districts' 2023 Operating Budget which included Interagency Service Charge expense in the amount of $306,050 and an Interagency-Fire & Ambulance Service Charge in the amount of $585,867 for a total Interagency Service Charge expense to be paid to the Plaquemines Parish Government in the amount of $891,917. On August 10, 2023, the District's Board of Commissioner's adopted ordinance number 23-114, which increased the 2023 expense budget for interagency service charges by $769,006 for a total annual budget of $1,660,923. The fee amount was derived from a fee schedule presented by the Plaquemines Parish Government based on Plaquemines Parish Government's expense budget for various departments. These departments included Civil Service, Parish Council, Council Secretary, 911 Operations, Emergency Preparedness, Telecommunications, Firefighting, and Ambulance Services as seen in the chart below:

Plaquemines Parish Government Department	2023 Actual Expenditures	Percent Charged to District	Amount Paid to Plaquemines Parish Government
911 Services	$ 488,201	15%	$ 73,231
Civil Service	237,325	8%	18,986
Council	960,502	20%	192,100
Council Secretary	205,362	20%	41,072
Emergency Prep	353,403	10%	35,340
Telecommunications	368,233	5%	18,412
Total	$ 2,613,026		$ 379,141

Plaquemines Parish Government Department	2023 Actual Expenditures	Percent Charged to District	Amount Paid to Plaquemines Parish Government
Firefighting	$ 9,764,141	7.5%	$ 732,311
Ambulance Services	3,469,750	7.5%	260,231
Total	$ 13,233,891		$ 992,542

The District paid a total of $379,141 for interagency service charges and $992,542 for Firefighting and Ambulance interagency service charges for a total of $1,371,683. Plaquemines Parish Government invoiced the District on a quarterly basis based on actual expenses.

The District currently does not have an agreement with Plaquemines Parish Government pertaining to the percentage of usage or details of payment schedules.

NOTE 20 – RAIL EXTENSION - SERVICE CONCESSION ARRANGEMENT - RIGHTS FEE AND REVENUE SHARING PAYMENTS

Agreement between Sustainability Partners, LLC and the District

A cooperative endeavor agreement (CEA) between Sustainability Partners (SP), LLC and the District was executed by Maynard Sanders, Executive Director on March 24, 2021.

On July 22, 2021, the Port Commissioners authorized Maynard Sanders, Executive Director to execute an agreement with Sustainability Partners to enhance intermodal connectivity within the District's jurisdiction. The agreement is to have SP provide to the District intellectual property valued at $8M for the rail extension in Plaquemines Parish.

The general terms of the agreement defines the concession arrangement between the District and SP. SP will pay rights fee as an upfront fee paid to the District in the form of draw down payments for the purpose of creating the intellectual property (IP) of the rail extension. In return of the drawn down payments, SP will receive limited but exclusive rights during the units (defined as operating equipment) remaining useful life. In consideration for this fee, District will pay a monthly usage rights fee expense as a percentage of revenue not to exceed $70,406 (per month). The minimum useful life for all determinations involving the Units/Rights Fee and the Assignment Fee shall be 40 years. The agreement also allows for prepayment.

Accounting for the agreement and payments made under the agreement

The District has accounted for the agreement with SP as a service concession agreement which is governed by GASB 60 Accounting and Financial Reporting for Service Concession Arrangements. A service concession agreement is an arrangement between a transferor (the District) and an operator (SP) in which the transferor (the District) conveys to an operator (SP) the right and related obligations to provide services through the use of infrastructure or another public asset in exchange for significant consideration, and the operator (SP) is compensated by fees from third parties.

The agreement calls for four draw down payments to effect the development of the intellectual property (IP). Once all draw down phases are complete, the District will capitalize intellectual property valued at $8M and amortize over 40 years (480 months). During the draw down phases the District will report a receivable of intellectual property (IP) on the Statement of Net Position. Also, during the draw down phases, the District will amortize each draw down phase's associated right fee-IP revenue (a deferred inflow of resources) over 40 years. The deferred inflow is shown on the Statement of Net Position and the IP (intellectual property) revenue is shown on the Statement of Revenues, Expenses, and Change in Equity as non-operating revenue.

The District is at the end of the second draw down phase and has recognized an intellectual property receivable of $5,750,000 on the Statement of Net Position. The unamortized portion of the right fee- IP revenue for the year ended December 31, 2023 is $5,549,792. A certificate of completion and notice to proceed will need to be completed prior to moving to phase 3.

In 2023 the District's total monthly rights fee expense (calculated as a revenue sharing payment) totaled $607,252.

NOTE 21 – CONCENTRATIONS

Concentration of Credit Risk

The District grants credit without collateral to its customers, most of whom are businesses within the Plaquemines Parish geographical area.

Economic Dependency

The District is located in Plaquemines Parish, Louisiana, and relies on tariffs collected from vessels engaged in waterborne commerce within the district and ground lease revenue. Prolonged interruption in vessel traffic in the Mississippi River as the result of natural and man-made disasters would adversely affect the District's primary source of revenue.

NOTE 22 – RELATED PARTY TRANSACTIONS

Louisiana Revised Statute 34: 1352 states the Plaquemines Parish Commission Council is hereby declared to be the governing authority of the Plaquemines Port, Harbor and Terminal District, and shall prescribe rules to govern its meeting with regard to said port authority. The Plaquemines Parish Government Charter establishes the legislative powers of the Parish Council in Article 4 Section 4.01 which states all legislative powers of the Parish of Plaquemines shall be vested in the Parish Council.

The operating leases described in Note 18 - Operating Leases between the Plaquemines Parish Government and Plaquemines Port, Harbor & Terminal District are related party transactions.

The interagency service charge described in Note 19 – Interagency Service Charge between the Plaquemines Parish Government and Plaquemines Port, Harbor & Terminal District, in which the District pays for administration services relating to Civil Service, Parish Council, Council Secretary, 911 Operations, Emergency Preparedness, Telecommunications, Firefighting, and Ambulance Services is based on percentage of use of total budget.

The Cooperative Endeavor agreement described in Note 12 – Deferred Inflows of Resources; Unearned Revenue between the Plaquemines Parish Government and Plaquemines Port, Harbor & Terminal District, in which the Port and the Plaquemines Parish Government work collectively for dredging efforts throughout the Parish and District's jurisdiction.

NOTE 23 – LITIGATION AND OTHER CONTINGENCIES

The District's legal counsel is managing cases related to expropriation of properties and litigation regarding the selection of vendors in a bid process. These cases occur in the normal course of operations. The District's legal counsel does not believe there is any exposure to the District which would require the District to record a loss contingency.

NOTE 24 – SUBSEQUENT EVENTS

On May 11, 2023, the District adopted Ordinance 23-59, which approved the project to start developing a Port Master Plan in a phased approach with the final master plan to be completed by the second quarter of 2024. Phase 1 includes a market analysis of all the District's tonnages and commodities to be used as a forecasting tool for its future planned growth; Phase 2 includes an economic impact analysis to create a baseline for the District's current economic contribution; Phase 3 includes the full master plan with implementation plan, including a capital improvement program.

On March 28, 2024, the district adopted ordinance 24-66 which funded the Pointe-ala-Hache Ferry Ramp Replacement Project by appropriating $18,623,506 with a grant from the Federal Transit Authority Emergency Relief Program. The project is set to begin in 2025.

On April 11, 2024, the district adopted Ordinance 24-75 which authorized the purchase of the building and property at 8056 Hwy 23, Belle Chasse, LA formerly known as the Popich Building from the Plaquemines Parish Government. This building has been and will be used as an administration building for the District.

On May 23, 2024, the District adopted Resolution No. 24-158 which authorized the issuance and sale of revenue bonds for the NOLA Terminal LLC Project.

The District continues to move forward with the Water Booster Station Project which is partially funded by a grant from the State of Louisiana, Department of Transportation and Development Port Priority Program. The project is estimated to be completed in the first quarter of 2025.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
SCHEDULE OF CHANGE IN NET OPEB LIABILITY AND RELATED RATIOS
For the Year Ended December 31, 2023

	2019	2020	2021	2022	2023
OPEB Expense					
Service cost	$ 264,256	$ 289,236	$ 205,423	$ 293,210	$ 535,471
Interest	134,754	145,007	56,933	63,056	254,064
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(26,653)	(1,406,780)	19,012	4,768,950	495,775
Changes of assumptions	-	(206,201)	29,759	(1,436,529)	-
Benefit payments	(22,268)	(44,993)	(47,468)	(158,239)	(166,942)
Net change in total OPEB liability	350,089	(1,223,731)	263,659	3,530,448	1,118,368
Total OPEB liability - beginning	3,456,442	3,806,531	2,582,800	2,846,459	6,376,907
Total OPEB liability - ending (a)	$ 3,806,531	$ 2,582,800	$ 2,846,459	$ 6,376,907	$ 7,495,275
Covered-employee payroll	$ 1,920,960	$ 2,205,359	$ 2,271,520	$ 3,242,249	$ 3,396,256
Net OPEB liability as a percentage of covered-employee payroll	198.16%	117.11%	125.31%	196.68%	220.69%
Notes to Schedule:					
Benefit Change:	None	None	None	None	None
Changes of Assumptions:					
Discount Rate:	3.67%	2.12%	2.06%	3.72%	3.26%
Mortality:	RP-2014-2017	RP-2014	RP-2014	PubG.H-2010	PubG.H-2010
Trend:	Variable	Variable	Variable	Getzen model	Getzen model

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
For the Year Ended December 31, 2023

Year Ended December 31,	Plan	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position As a Percentage of the Total Pension Liability
2015	PERS Plan A	0.318732%	$ 87,144	$ 1,826,321	4.8%	99.1%
2016	PERS Plan A	0.345807%	$ 910,263	$ 1,984,281	45.9%	92.2%
2017	PERS Plan A	0.333225%	$ 686,281	$ 1,976,205	34.7%	94.1%
2018	PERS Plan A	0.332028%	$ (246,447)	$ 2,028,789	-12.1%	102.0%
2019	PERS Plan A	0.348498%	$ 1,546,759	$ 2,139,882	72.3%	88.9%
2020	PERS Plan A	0.361398%	$ 17,013	$ 2,291,537	0.7%	99.9%
2021	PERS Plan A	0.363698%	$ (637,713)	$ 2,125,382	-30.0%	104.0%
2022	PERS Plan A	0.399675%	$ (1,882,643)	$ 2,606,547	-72.2%	110.5%
2023	PERS Plan A	0.543244%	$ 2,090,832	$ 3,613,918	57.9%	91.7%

*Amounts presented were determined as of the measurement date of December 31, 2022

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
For the Year Ended December 31, 2023

Year Ended December 31,	Plan	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	PERS Plan A	$ 287,721	$ 287,721	$ -	$ 1,953,629	14.7%
2016	PERS Plan A	$ 257,102	$ 257,102	$ -	$ 1,976,205	13.0%
2017	PERS Plan A	$ 256,907	$ 256,907	$ -	$ 2,028,789	12.5%
2018	PERS Plan A	$ 253,599	$ 253,599	$ -	$ 2,139,882	11.5%
2019	PERS Plan A	$ 263,527	$ 263,527	$ -	$ 2,291,537	11.5%
2020	PERS Plan A	$ 306,758	$ 306,758	$ -	$ 2,504,149	12.25%
2021	PERS Plan A	$ 319,302	$ 319,302	$ -	$ 2,606,547	12.25%
2022	PERS Plan A	$ 422,191	$ 422,191	$ -	$ 3,671,230	11.50%
2023	PERS Plan A	$ 507,575	$ 507,575	$ -	$ 4,413,700	11.50%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTAL INFORMATION

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
For the Year Ended December 31, 2023

Agency Head	Charles Tillotson
Purpose	**Amount**
Salary	$ 219,981
Benefits- Insurance	16,947
Benefits- Retirement	25,298
Vehicle-Fuel	3,038
Vehicle-Fringe Benefits	6,443
Data/Wireless- Benefits	607
Travel	28,662
Total	$ 300,976

COMPLIANCE AND INTERNAL CONTROL SECTION

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

Board of Commissioners
Plaquemines Port, Harbor, & Terminal District
Belle Chasse, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Plaquemines Port, Harbor, & Terminal District (District), as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise District's basic financial statements and have issued our report thereon dated June 30, 2024.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023-1, 2023-2, 2023-3, 2023-4, 2023-5 and 2023-6 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023-7, 2023-8, 2023-9 and 2023-10 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Plaquemines Port, Harbor, & Terminal District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2023-11, 2023-12, 2023-13 and 2023-14.

Plaquemines Port, Harbor, & Terminal District's Response to Findings

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

Purpose of This Report

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

Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, Louisiana
June 30, 2024

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2023

Section I Summary of Auditor's Reports

A. Financial Statements

We have audited the financial statements of the Plaquemine Port, Harbor & Terminal District as of and for the year ended December 31, 2023, and have issued our report thereon dated June 30, 2024. We conducted our audit in accordance with generally accepted auditing standards 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 December 31, 2023, resulted in an unqualified opinion.

Internal control over financial reporting

- Material weakness(es) identified? ☒ Yes ☐ No
- Significant deficiency(ies) identified? ☒ Yes ☐ No

Noncompliance material to financial statements noted? ☒ Yes ☐ No
Was a management letter issued? ☒ Yes ☐ No

B. Federal Awards

This section not applicable. The District did not expend over $750,000 of federal funds that are subject to a single audit under the Uniform Guidance for the year ended December 31, 2023.

Section II Financial Statement Findings

A. Material Weakness

2023-1 Timesheet Falsification in Payroll Records

Criteria:

- Compliance with District policies, procedures, and regulatory requirements related to payroll processing.
- Reliable internal controls to detect and prevent potential payroll fraud. Compliance with regulatory requirements and internal policies for record retention, including timecard preservation.
- The Louisiana Attorney General has noted that payment for work that is not performed is a prohibited donation of public funds under Article VII, Section 14 of the Louisiana Constitution and may constitute public payroll fraud under Louisiana Revised Statute 14:138 (AG Opinion 86-652).

Section II Financial Statement Findings (continued)

A. Material Weakness (continued)

2023-1 Timesheet Falsification in Payroll Records (continued)

Condition:

- During the audit, it was identified that a specific timesheet of an employee of the office staff was falsified in the month of July 2023, indicating inconsistencies between the reported hours worked and actual work performed.
- Lack of proper approval processes or oversight led to the payment of hours worked and sick pay when the employee was on vacation.
- The timesheet detailed hours worked, hours sick, hours leave without pay and vacation hours.
- Timecards were inappropriately destroyed, contrary to established retention policies.
- The destruction of timecards hinders the ability to verify employee work hours.
- The employee made restitution to the District for the wages they were wrongly paid. The value of the repayment was $141.40.
- The employee has since resigned.
- The District did not report the potential payroll fraud to the appropriate law enforcement body nor the Louisiana Legislative Auditor because the value was less than $1,000.

Cause:

- Weaknesses in internal controls or oversight allowing for exploitation of payroll processing vulnerabilities.
- Insufficient training on record retention policies and procedures for employees responsible for managing the District's records.
- Lack of adequate supervision and oversight in the record management process, allowing for the unauthorized destruction of critical documents.

Effect:

- Increased risk of financial loss due to false payroll activities.
- Compromised integrity/accuracy of payroll data and employee work hour records due to the destruction of timecard documentation.

Recommendation: Strengthen internal controls by implementing regular reviews of payroll transactions. Conduct a review of record retention policies and procedures to ensure alignment with regulatory mandates and best practices. Implement training programs and awareness sessions for staff on proper record management practices and disposal guidelines.

Management's response: Management's response can be found on page 74.

Section II Financial Statement Findings (continued)

A. Material Weakness (continued)

2023-2 Discrepancies Between Hours Worked and Compensation Paid

Criteria:

- Adherence to the District's timekeeping policies and procedures for accurately recording work hours.
- Establishment of controls to ensure employees properly punch in and out to reflect actual working hours.
- The Louisiana Attorney General has noted that payment for work that is not performed is a prohibited donation of public funds under Article VII, Section 14 of the Louisiana Constitution and may constitute public payroll fraud under Louisiana Revised Statute 14:138 (AG Opinion 86-652).

Condition:

- Multiple office employees consistently failed to punch out on Fridays, resulting in incomplete time records for the end of the workweek.
- The absence of punch-out entries on Fridays leads to uncertainties regarding the actual hours worked, potentially affecting payroll accuracy and compliance.
- Employees were compensated for 8 hours of work without documentation of actual hours worked.
- The value of the payment for hours not worked could be up to $27,000.
- Reportedly, at the instruction of the Executive Director, office staff were allowed to depart early by 2 pm on Fridays, which is 2.5 hours prior to the scheduled 4:30 pm closing time.
- The occurrence of this violation of the Louisiana Constitution occurred during the entire year of 2023 and subsequently in 2024. The practice was discontinued in April/May of 2024.

Cause:

- Lack of enforcement or oversight of timekeeping policies and procedures, contributing to inconsistent punching habits among employees and potential violation of the Louisiana Constitution.

Effect:

- Inaccurate payroll calculations and discrepancies in wage payments due to missing punch-out data.
- Difficulty in monitoring and managing employee work hours, leading to potential labor cost inefficiencies and payroll errors.
- Increased risk of non-compliance with wage and hour regulations, as incomplete time records may result in violation of the Louisiana Constitution.

Section II Financial Statement Findings (continued)

A. Material Weakness (continued)

2023-2 Discrepancies Between Hours Worked and Compensation Paid (continued)

Recommendation: Reinforce timekeeping policies and the importance of accurate time recording to employees through training and reminders. Implement automated time tracking systems or reminders to prompt employees to punch out at the end of their shifts, especially on Fridays. Conduct periodic reviews of timekeeping data to identify trends or patterns of incomplete records and address them promptly.

Management's response: Management's response can be found on page 74.

2023-3 Unauthorized Editing of Payroll Data by Employee

Criteria:
- Maintain segregation of duties to prevent employees from having the ability to edit their own payroll data.
- Implementation of access controls and user permissions in the payroll system to restrict unauthorized changes to sensitive information.

Condition:
- An employee with access to payroll systems has edited their own payroll data, potentially resulting in alterations to their deductions.
- Lack of controls or oversight allowed the employee to manipulate their payroll information without authorization.
- Inconsistent or unauthorized changes to payroll data raise questions about the integrity and security of the payroll process.

Cause:
- Insufficient segregation of duties within the District, enabling employees to have access to and modify their own payroll records.

Effect:
- Increased risk of payroll irregularities, errors, or unauthorized changes impacting accurate wage and financial reporting.

Recommendation: Enforce strict segregation of duties by ensuring that employees do not have the ability to edit their own payroll data. Conduct regular reviews and reconciliations of payroll data to detect unauthorized changes or anomalies. Review and update policies and procedures governing payroll data access, editing permissions, and data integrity controls to prevent future incidents of unauthorized edits.

Management's response: Management's response can be found on page 75.

Section II Financial Statement Findings (continued)

A. Material Weakness (continued)

2023-4 Payment of Health Insurance for Terminated Employees

Criteria:

- Adherence to policies and regulations governing employee benefits, including health insurance coverage, for active and terminated employees.
- Implementation of proper controls and procedures to review and update employee status changes, such as terminations, to reflect accurate benefit eligibility.
- Establishment of segregation of duties to prevent unauthorized continuation of benefits for terminated employees and ensure compliance with benefit administration protocols.

Condition:

- The District paid for health insurance coverage for employees who have been terminated and are no longer eligible to receive benefits.
- Absence of timely updates or reviews of employee status changes in the benefits system, resulted in continued payments for health insurance for terminated employees.
- Failure to implement controls or verification processes to validate benefit eligibility and prevent payments for terminated employees, leading to financial waste and non-compliance.
- The value of the overpayments totaled $25,209 and the amount credited by the insurance provider was $10,287.

Cause:

- Inadequate communication or coordination between human resources, payroll, and benefits administration functions, resulted in delays or oversights in updating employee status changes.
- Insufficient training or awareness among staff responsible for benefits administration regarding the proper procedures for managing employee terminations and benefit coverage.

Effect:

- Financial loss incurred from paying for health insurance coverage for terminated employees who are no longer entitled to benefits, impacting the District's resources.

Recommendation: Implement a system of controls and verification procedures to ensure timely updates and reviews of employee status changes, including terminations, in the benefits administration system. Enhance coordination and communication between human resources, payroll, and benefits administration teams to facilitate the prompt identification and processing of terminated employee benefits. Conduct regular reconciliations of employee records, benefits data, and payment authorizations to identify discrepancies and mitigate risks of paying for health insurance for terminated employees.

Management's response: Management's response can be found on page 75.

Section II Financial Statement Findings (continued)

A. Material Weakness (continued)

2023-5 Control and Use of Signature Stamp

Criteria:

- Maintenance of proper controls over signature stamps to prevent unauthorized use and mitigate the risk of fraud.
- Segregation of duties to ensure that signature stamps are used only for legitimate and authorized purposes.
- Compliance with internal policies and procedures governing the issuance and use of signature stamps.
- Adherence to best practices for check signing procedures to prevent fraud and unauthorized payments.

Condition:

- Reliance on a stamped signature rather than a physical signature raises concerns about the integrity and authenticity of the approval process for financial transactions.
- The District does not have written policies over the issuance, storage, and use of signature stamps.
- The District maintains two stamps with the Executive Director's signature. The possession of the stamps are with the Executive Director and the Director of Administration.
- The District requires two signatures on all checks. The Director of Administration signature should not be used when the Executive Director stamp is used. This indicates a potential lack of segregation of duties.

Cause:

- Insufficient resources or staffing constraints may lead the District to use a signature stamp as a practical solution to expedite check signing processes.
- Absence of clear policies or guidelines on the proper handling and safeguarding of signature stamps may result in lax control measures.
- Limited monitoring or oversight of signature stamp use, allowing for potential misuse or abuse of stamp privileges.

Effect:

- Heightened risk of fraud, misappropriation, or unauthorized payments due to the reliance on a signature stamp for one of the required signatures on checks.
- Potential of compromised internal controls and reduced accountability in the approval process, raising concerns about the authenticity and validity of financial transactions.

Section II Financial Statement Findings (continued)

A. Material Weakness (continued)

2023-5 Control and Use of Signature Stamp

Recommendation: Implement a formal policy outlining guidelines for the issuance, storage, and usage of signature stamps, including restrictions on their authorized use. Conduct a comprehensive review of the current processes and procedures related to the use and safeguarding of signature stamps within the District to identify vulnerabilities and areas for improvement. Implement stricter controls and access restrictions on the issuance, storage, and usage of signature stamps to prevent unauthorized or improper use.

Management's response: Management's response can be found on page 75.

2023-6 Expenditure Beyond Contract Limits

Criteria:
- Adherence to the terms and conditions outlined in contractual agreements between the District and vendors.
- Establishment of proper controls and oversight mechanisms to monitor contract expenditures and ensure compliance with procurement procedures
- Segregation of duties to prevent unauthorized or excessive spending beyond contract terms.

Condition:
- In one instance, the District has exceeded the allocated spending limits specified in a contract with a vendor and as set for the in the ordinance passed by the Board of Commissioners.
  - Failure to track and manage expenses effectively has resulted in overspending on the contractual agreement. Contract and ordinance was for $30,000 amount paid totaled $48,024.
- In another instance, the District, amended a professional service contract to include equipment purchases.
  - The contract amendment did not detail an amount for the equipment.
  - Potential for Public Bid Law violation for the equipment purchased under this contract.

Cause:
- Inadequate contract management practices, including insufficient monitoring of contract expenditures and variations from the original terms.
- Lack of communication or coordination between departments responsible for managing contract budgets and vendor payments.

Section II Financial Statement Findings (continued)

A. Material Weakness (continued)

2023-6 Expenditure Beyond Contract Limits (continued)

Effect:
- Potential financial strain on the District due to the excess spending on the contract.
- Potential breach of contractual obligations and procurement policies and procedures arising from overspending beyond the agreed-upon contract terms.
- Violation of the ordinance that provided for the contract.

Recommendation: Implement stronger contract management practices and oversight mechanisms to monitor contract performance and change control processes to prevent future instances of overspending. Enhance communication and coordination between project managers, procurement officers, and finance personnel to ensure alignment on contract requirements, budget constraints, and expenditure approvals.

Management's response: Management's response can be found on page 76.

B. Significant Deficiency

2023-7 Lack of Follow-Up on Uncollected Accounts Receivable Invoices

Criteria:
- Compliance with policies and procedures for managing accounts receivable, including the timely follow-up on unpaid invoices.
- Establishment of effective controls and oversight mechanisms to monitor outstanding receivables and collections activities.
- Adherence to best practices for credit management and debt recovery to maximize revenue generation and minimize bad debts.

Condition:
- The District has a significant number of uncollected accounts receivable invoices that have not been followed up on or pursued for payment.
- Lack of systematic processes or dedicated resources for pursuing overdue invoices results in growing balances of outstanding receivables.
- Failure to track and manage uncollected accounts receivable effectively leads to cash flow disruptions and potential revenue losses.

Cause:
- Absence of formal debt recovery policies or escalation procedures for handling delinquent accounts contributes to delays in addressing overdue invoices.
- Limited oversight or monitoring of accounts receivable aging reports, results in overlooked or neglected outstanding balances.

Section II Financial Statement Findings (continued)

B. Significant Deficiency (continued)

2023-7 Lack of Follow-Up on Uncollected Accounts Receivable Invoices (continued)

Effect:
- Decreased cash flow and liquidity due to delayed collections on outstanding accounts receivable, impacting the District's financial resources.
- Increased risk of bad debts as a result of unaddressed uncollected invoices, affecting the District's financial performance.

Recommendation:
- Implement a structured accounts receivable management process with clear guidelines for following up on overdue invoices and escalating collections efforts.
- Assign responsibility to specific staff members for overseeing accounts receivable collections and monitoring aging reports.

Management's response: Management's response can be found on page 76.

2023-8 Lack of Budget Performance Discussion in Board of Commissioners' Meetings

Criteria:
- Adherence to established procedures that mandate discussing budget-to-actual results during monthly meetings to monitor financial performance.
- Inclusion of budget variances, financial projections, and key performance indicators in the meeting agenda for transparent and informed decision-making.
- The Louisiana Legislative Auditor (LLA) recommends that the governing authority receive budget-to-actual comparisons monthly from management.
- The LLA recommends the presentation and discussion of financial information which should be shown as an item on the monthly meeting agenda, and the related discussions should be documented in the minutes.

Condition:
- The District is not documenting the presentation and discussion budget-to-actual results in monthly meetings.
- Absence of detailed analysis or discussions on budget variances, financial trends, or deviations from planned targets during the meetings.
- Limited visibility into the financial health of the District and the factors driving budget variances due to the oversight in discussing budget-to-actual results.

Section II Financial Statement Findings (continued)

B. Significant Deficiency (continued)

2023-8 Lack of Budget Performance Discussion in Board of Commissioners' Meetings (continued)

Cause:

- Inadequate communication and coordination among Board of Commissioners and management to prioritize budget discussions and allocate time for reviewing financial performance metrics.
- Insufficient reporting mechanisms, tools, or templates to facilitate the presentation and review of budget performance metrics during the meetings.

Effect:

- Reduced transparency, oversight, and accountability in financial management practices, potentially leading to missed opportunities for cost savings or revenue enhancement.
- Diminished ability to proactively identify and address budget variances, inefficiencies, or financial risks without regular discussions on budget performance.
- Risk of budget overruns, financial mismanagement, or compliance issues arising from the lack of monitoring and oversight in reviewing budget effectiveness and performance.

Recommendation: Reinforce the importance of discussing budget-to-actual results in monthly meetings as a critical component of financial oversight and decision-making. Incorporate budget performance metrics, variance analysis, and financial projections into the meeting agenda to promote transparency and accountability. Enhance reporting tools and templates to streamline the presentation and review of budget-to-actual results during the meetings, facilitating data-driven discussions.

Management's response: Management's response can be found on page 76.

2023-9 Strengthen Financial Oversight: Address Controller Vacancy

Criteria:

- Adequate organizational structure with key financial oversight positions, such as a controller, to manage and supervise financial operations.
- Segregation of duties and internal controls to ensure effective financial management, oversight, and compliance.
- Compliance with applicable laws, regulations, and internal policies regarding financial management and reporting.

Section II Financial Statement Findings (continued)

B. Significant Deficiency (continued)

2023-9 Strengthen Financial Oversight: Address Controller Vacancy (continued)

Condition:

- The District does not have a designated controller or equivalent financial leader overseeing financial operations and providing strategic financial direction.
- The District has chosen to temporarily outsource certain financial oversight functions.
- The absence of a controller role leads to challenges in financial decision-making, internal control implementation, and financial reporting.

Cause:

- Failure to prioritize the hiring of the controller position within the organizational structure.
- Delays in recruitment for a controller position can result in the absence of financial leadership.

Effect:

- Increased risk of financial mismanagement, errors, irregularities, and inefficiencies due to the absence of a dedicated financial leader overseeing operations.
- Potential breakdown in internal controls and compliance with financial regulations, leading to audit findings.

Recommendation: The District should prioritize the employment of the controller position to provide dedicated financial oversight, strategic direction, and internal controls. Initiate a recruitment process to fill the controller position with a qualified candidate possessing the requisite financial expertise and leadership capabilities.

Management's response: Management's response can be found on page 76.

2023-10 Grant Administration

Criteria:

- The criteria for effective grant administration encompass proper allocation, utilization, monitoring, and reporting of grant funds in accordance with applicable laws, regulations, and grant agreements.

Section II Financial Statement Findings (continued)

B. Significant Deficiency (continued)

2023-10 Grant Administration (continued)

Condition:

- The condition is characterized by systemic weaknesses grant administration procedures. This includes inadequate record-keeping practices, lack of control mechanisms to prevent inconsistent monitoring of grant activities, delay in grant reimbursement requests, and multi-year cumulative grant spending tracking.
- It was identified that significant deficiencies exist in the oversight of grant funds. The shortcomings observed in grant administration practices indicate poor adherence to established guidelines, leading to increased risk of financial mismanagement and non-compliance with regulatory requirements

Cause:

- The root causes underlying poor grant administration practices may stem from various factors such inadequate training on grant compliance, inefficient grant tracking systems, outdated policies and procedures, or a lack of oversight from management.

Effect:

- The effect of poor grant administration can manifest in multiple detrimental outcomes, including increased risks of errors and irregularities, delays in grant reimbursement requests and receipt of grant funds, and future financial losses to the District.

Recommendation: To address the deficiencies in grant administration, it is recommended the District enhance internal controls over grant management, conducting regular reviews of grant activities, providing training to staff on grant compliance requirements, improving documentation and reporting procedures and allocating adequate resources for grant oversight,

Management's response: Management's response can be found on page 77.

Section II Financial Statement Findings (continued)

C. Compliance

2023-11 Procurement Practices and Quote Solicitation Process and Documentation

Criteria:

- Adherence to procurement policies and regulations require the District to solicit multiple quotes for purchases to ensure competitiveness and transparency.
- Documentation of the procurement process, including the identification of needs, request for quotes, evaluation of proposals, and selection of suppliers or vendors.
- Implementation of controls to prevent conflicts of interest, favoritism, or irregularities in the procurement process and vendor selection.
- Public entities in Louisiana that have contracts for purchases of materials and supplies for less than $60,000 but greater than or equal to $30,000 must, pursuant to R.S. 38:2212.1(A)(1)(b): Obtain no less than three quotes by telephone, facsimile, email, or any other printable electronic form; and if telephone quotes are received, a written confirmation of the accepted offers shall be obtained and made a part of the purchase file.

Condition:

- The District is not consistently obtaining and documenting three quotes for purchases..
- Absence of documentation or evidence demonstrating the solicitation and evaluation of quotes from multiple vendors or suppliers for purchase requisitions.
- Limited transparency and oversight in the procurement process, raising concerns about compliance with procurement regulations and the efficiency of supplier selection.

Cause:

- Lack of awareness or understanding of procurement policies and the importance of obtaining multiple quotes to ensure fair pricing and quality standards.
- Insufficient training or guidance on procurement procedures, resulting in inconsistent practices and a lack of standardization in obtaining quotes for purchases.

Effect:

- Increased risk of inflated prices, biased supplier selection, or suboptimal purchasing decisions due to the absence of competition or price benchmarking from multiple quotes.
- Lack of visibility into procurement decisions and supplier selection processes, potentially undermining transparency and accountability in the District's purchasing activities.
- Potential compliance violations, financial inefficiencies, or missed cost-saving opportunities because of the limited competition and oversight in obtaining and documenting quotes for purchases.

Section II Financial Statement Findings (continued)

C. Compliance

2023-11 Procurement Practices and Quote Solicitation Process and Documentation (continued)

Recommendation: Reinforce compliance with procurement policies by mandating the solicitation of multiple quotes for purchases to foster competition, optimize pricing, and enhance transparency. Develop standardized procedures and templates for requesting and evaluating quotes from vendors, outlining clear guidelines for the procurement process. Provide training and resources to staff involved in procurement activities to ensure understanding of procurement regulations, best practices, and the importance of obtaining multiple quotes.

Management's response: Management's response can be found on page 77.

Section III Management Letter

2023-12 Special Meals

Criteria:

- The District has a written policy that includes special meals. The policy states: (a) The policy is designed for those occasions when, as a matter of extraordinary courtesy or necessity, it is appropriate and in the best interest of the District to use public funds for provision of a meal to a person who is not otherwise eligible for such expenditure (b) The District's management will report on a quarterly basis to the Chairman and/or Vice Chairman all special meal expenditures made during the previous three months. These reports must include, for each special meal, the name and title of each recipient, the cost of each meal and an explanation as to why the meal was in the best interest of the District.
- There is no specific prohibition under state law in regard to the purchase of alcohol. In fact, the Attorney General has opined that it is not what is eaten or drunk, but the reasonableness of the expenditure under the circumstances that is the important question. See, AG Op. No. 02-0125 and AG Op. No. 06-0266.. However, the District credit card policy states no alcohol is to be purchased.

Condition:

- This finding is a repeat from the prior year.
- The District could not provide documentation regarding the special meal report being delivered to the Chairman and/or Vice-Chairman.
- The credit card card statement in November 2023 had two receipts that documented the purchase of alcohol.

Section III Management Letter (continued)

2023-12 Special Meals (continued)

Cause:
- The underlying causes for the District's failure to follow its special meal policy may be attributed to a variety of factors. These could include a lack of awareness among personnel regarding the policy guidelines, insufficient training on policy requirements, ambiguity in the policy itself, inadequate oversight and enforcement mechanisms, competing priorities leading to policy neglect, or potential disregard for compliance due to perceived leniency.

Effect:
- The repercussions of not adhering to the special meal policy can lead to financial mismanagement, increased expenses borne by the government and taxpayers, risks of abuse of funds, and non-alignment with good governance practices.

Recommendation:
- Recommendations include reinforcing compliance of District policies through training, enhancing monitoring mechanisms to detect policy violations, implementing stricter approval processes for special meal expenses, conducting regular internal audits to assess policy adherence, and imposing consequences for non-compliance to instill accountability.

- By implementing these recommendations, the government can foster a culture of transparency, accountability, and responsible fiscal stewardship in line with its special meal policy, ensuring the effective and ethical use of public resources.

Management's response: Management's response can be found on page 77.

2023-13 Unallowable Credit Card Purchases

Criteria:
- Our audit investigation unveiled a concerning pattern within the government's credit card expenditure practices, revealing instances of unallowed purchases that lacked proper documentation for reimbursement.
- The presence of unauthorized expenses and the inability to substantiate reimbursement claims raise serious concerns regarding compliance with expenditure policies and Louisiana Law regarding gratuitous payments.

Condition:
- The District's credit card statements usage exhibited deviations from the established criteria, with unauthorized purchases being made and reimbursement claims lacking documentation.

Section III Management Letter (continued)

2023-13 Unallowable Credit Card Purchases

Cause:

- The root causes behind the occurrence of unallowed purchases on the credit card and undocumented reimbursements may stem from a variety of factors. These include insufficient training on credit card policies and procedures, lax oversight and monitoring of cardholders' spending activities, and potential non-alignment with internal controls.

Effect:

- The repercussions of unauthorized purchases and undocumented reimbursements can result in financial losses to the government and heightened risk of misuse of funds,

Recommendation:

- Recommendations include reinforcing adherence to spending policies through training, enhancing oversight and approval processes for credit card transactions, and establishing clear documentation requirements for reimbursements,

Management's response: Management's response can be found on page 77.

2023-14 Reporting Protocol for Suspected Fraud, Irregularities and Errors

Criteria:

- Compliance with internal controls and policies requiring the prompt reporting of suspected fraud or irregularities to management.
- Establishment of a whistleblower policy or mechanism to encourage the reporting of fraudulent activities or irregularities within the District.

Condition:

- Instances of potential fraudulent activities, irregularities and errors have been identified during the audit, but there is no evidence of some of these findings being reported to management for further investigation or action.
- Lack of communication or reporting on the discovered fraud raises concerns about transparency, accountability, and the District's commitment to addressing misconduct.
- Failure to follow reporting protocols in cases of suspected fraud may indicate weaknesses in the District's fraud prevention and detection mechanisms.

Cause:

- Fear of reprisal, conflicts of interest, or lack of whistleblower protection may deter employees from reporting fraud incidents internally.
- Inadequate training or awareness programs on the importance of reporting fraud and the corresponding procedures for addressing such issues.

Section III Management Letter (continued)

2023-14 Reporting Protocol for Suspected Fraud, Irregularities and Errors (continued)

Effect:

- Continuation or escalation of perceived fraudulent activities or irregularities that go undetected or unaddressed, may result in financial losses to the District.
- Compromised integrity of internal control systems and governance practices due to the concealment of fraud incidents and non-compliance with reporting requirements.

Recommendation: Reiterate the District's commitment to transparency, integrity, and ethics that encourages the reporting of suspected fraud without fear of retaliation. Provide training and guidance to employees on how to identify, report, and escalate fraud concerns in accordance with established protocols and whistleblower policies. Strengthen internal controls and monitoring mechanisms to detect and prevent fraud, coupled with regular reviews to ensure compliance with reporting requirements and prompt action on fraudulent incidents.

Management's response: Management's response can be found on page 78.

Section IV Federal Award Findings and Questioned Costs

This section not applicable.

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2023

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

A. Material Weakness

2022-1	Timely Bank Reconciliations	Resolved
2022-2	Control Over Electronic Funds Disbursements for Credit Card Payments	Resolved

B. Significant Deficiencies

2022-3	Budgeting and Budget Amendments	Resolved

C. Issues of Noncompliance

2022-4	Cooperative Endeavor Agreement (CEA) with Plaquemines Parish Government	Resolved
2022-5	Failure to comply with Louisiana Revised Statue regarding obtaining appraisals prior to purchasing immovable property.	Resolved
2022-6	Failure to comply with Louisiana Revised Statues regarding ethics training and prevention of sexual harassment training	Resolved

Section II – Management Letter

2022-7	Execution of the District's special meal policy	Unresolved

Section III – Internal Control and Compliance Material to the Federal Awards

Not applicable

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

A. Material Weakness

2023-1 Timesheet Falsification in Payroll Records

Management has recognized the importance of strengthening payroll oversight. The Port has shifted its payroll system from Paychex to UKG. UKG offers advanced features such as geofencing and biometric time clocks, unlike its predecessor, Paychex. Following an incident, the Port revised its Payroll/Timesheet Policy. The implemented changes include:

UKG's ability to monitor leave balances, a feature not available with Paychex, addresses a previous process defect. This leave management process could not be completed previously.

This change now mandates that employees seek pre-approval for leave requests within UKG, effectively correcting process oversight. The Port clarified the leave rules around annual, sick and leave without pay.

The geofencing feature restricts employees from clocking in and out only when present within a designated area.

This External Audit revealed a case of employee misconduct, which was originally brought to the attention of a Port Commissioner by a confidential informant, leading to an Internal Audit conducted by the Parish Audit Committee. The implicated employee is no longer at the Port. Nevertheless, the shift to UKG signifies a major improvement across the board, obligating all office personnel, and now including Ferry or Rescue Boat personnel to adhere to the UKG timekeeping system.

2023-2 Discrepancies Between Hours Worked and Compensation Paid

The Port's management has acknowledged the need to improve payroll monitoring by transitioning from Paychex to UKG for its payroll system. We acknowledge the old practice dating back years of early departures on Fridays was an inherited preexisting habit and was discontinued once UKG was deployed. The new UKG system introduces sophisticated functionalities like geofencing and biometric time clocks that Paychex lacked. With the change-over migration on April 1, 2024, the previous custom of hourly employees leaving work on Fridays without clocking out was abolished. Employees are now required to use the new time clock system to record their complete shifts accurately. The Port corrected this poor practice on its own accord before the start of the 2023 audit. There was no intent for personal gain from management, nor did management, as salaried employees, receive any personal gain.

Section I – Internal Control and Compliance Material to the Financial Statements (continued)

A. Material Weakness (continued)

2023-3 Unauthorized Editing of Payroll Data by Employee

Management concurs with the findings and recommendations, has disciplined the accounting employee in question, and as of April 2024, has adopted a new UKG payroll system that improves controls, monitors amendments, and ensures role separation for staff overseeing payroll data. No employee will be allowed to adjust their own garnishments or deductions. Garnishments will only be changed by the Director of Administration to include all authorizing documentation.

2023-4 Payment of Health Insurance for Terminated Employees

Management concurs with the observation and proposes the subsequent actions to resolve this issue:

Introduced a termination checklist that guarantees the prompt removal of terminated employees from designated benefits and lists.

Established a work instruction for conducting monthly verification of health benefits against the health invoices.

Employees who have been terminated are now promptly removed from active status in the Abila/MIP accounting system, the UKG payroll system and Account Mate billing system.

2023-5 Control and Use of Signature Stamp

Management agrees with the finding and submits the following to remedy this finding:

To further boost internal controls regarding the Executive Director Signature Stamp, the physical stamp will no longer be locked in the Director of Administration's desk/office since the DOA is a signatory on the Port's checking account. The stamp is to be locked in a safe/file in the Port Directors Office, and all access will be controlled. The stamp's primary usage will be for reoccurring insurance payments, support letters, civil service correspondences, and will only be used for checks in an extreme emergency with written authorization.

Section I – Internal Control and Compliance Material to the Financial Statements (continued)

A. Material Weakness (continued)

2023-6 Expenditure Beyond Contract Limits

Management concurs with the audit results and is implementing the following corrective actions:

To enhance control over contract expenditures, the Port is incorporating all of its contracts into its Enterprise Resource and Planning System ABILA - Workflow and introducing a purchase order protocol for them. This method will enable the Port to manage contract disbursements within established limitations, similar to our current process for handling purchase orders. The Port's policy concerning this control has been updated.

B. Significant Deficiencies

2023-7 Lack of Follow-Up on Uncollected Accounts Receivable Invoices

Management agrees with the finding and recommendations. Management has put accounts receivable collection procedures in place to follow-up on overdue invoices to maximize the chances of collecting delinquent balances. We are also implementing a process to periodically review customer accounts to timely collect current balances as well as reducing ageing balances. This problem dates back over a decade and is primarily related to tariff collections. The Port is now seeking best practices used in other U.S. Ports to increase its collection posture.

2023-8 Lack of Budget Performance Discussion in Board of Commissioners' Meetings

Management will continue to present financial reports to the Board of Commissioners prior to each Board meeting and will address these reports during the Executive Director's address to the Board.

2023-9 Strengthen Financial Oversight: Address Controller Vacancy

Management recognizes the interim outsourcing of the Controller role due to an initially unsuccessful recruitment effort. We are committed to actively recruiting a competent individual with the necessary skills for the Controller position. The challenge of hiring a suitable candidate at the present salary is the reason behind the existing professional service contract. The Port believes that it needs to increase the salary to attract a qualified candidate.

Section I – Internal Control and Compliance Material to the Financial Statements (continued)

B. Significant Deficiencies (continued)

2023-10 Grant Administration

Management acknowledges this finding and is seeking to consolidate all grants in a single SharePoint file to be administered and controlled by the finance department but will be managed by an outside grant writing service provider. We will create a cross-check system between the finance department and the grant writer.

C. Issues of Noncompliance

2023-11 Procurement Practices and Quote Solicitation Process and Documentation

Management agrees with the finding and recommendation. We will take the steps necessary to ensure we comply with all procurement policies and by requiring the solicitation of multiple quotes for purchases of small equipment and machinery. We have already approved staff training to ensure an understanding of all procurement regulations.

Section II – Management Letter

2023-12 Special Meals

Management will create a procedure to ensure compliance with the special meal policy, to include providing a quarterly report to the Chairman. Special meals are currently tracked and included on monthly expense reports but are not shared with the Chairman. The auditor advised and clarified that special meals includes any meal with Parties outside of the port staff. Moving forward the Port will provide copies of the reports quarterly to the Chairman with signatory acknowledgement. This requirement is not in the current policy, but we will make a policy amendment to include it.

2023-13 Unallowable Credit Card Purchases

Management agrees with the finding and recommendation of the auditor and will set up procedures to ensure that all credit card purchases are properly processed for unallowable purchase reimbursement. A process breakdown occurred during the transition between Administrations.

Section II – Management Letter (continued)

2023-14 Reporting Protocol for Suspected Fraud, Irregularities and Errors

Management agrees with the finding and recommendation from the auditor and takes this Protocol seriously and will act to clearly communicate the vital importance to the organization. The Port will take the following actions:

1. Remind all employees of the learnings of annual Ethics Training
2. Review Code of Ethics and Workplace Conduct Policies to include attaining a signature of acceptance from all employees.

Section III – Internal Control and Compliance Material to the Federal Awards

Not Applicable.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners Plaquemines Port, Harbor & Terminal District and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. Plaquemines Port, Harbor & Terminal District (the District) management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

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

ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

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

iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

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

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

viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

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

xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: Exceptions were noted for items:

(A)(xi) Information Technology Disaster Recovery/Business Continuity- A draft policy has been prepared by management but has not been adopted by the Board of Commissioners.

(A)(xii) Prevention of Sexual Harassment- A draft policy has been prepared by management but has not been adopted by the Board of Commissioners.

2) Board or Finance Committee

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: Exceptions were noted for items:
(A)(ii) There were no observations of budget-to-actual comparisons in the minutes of the District's monthly meetings.
(A)(iv) There were no observations of resolutions for prior audit findings in the minutes of the District's monthly meetings.

3) Bank Reconciliations

A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

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

Results: Procedures performed. No exceptions noted.

4) Collections (excluding electronic funds transfers)

A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: Procedures performed. No exceptions noted.

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

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

ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

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

Results: Procedures performed. No exceptions noted.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

Results: Procedures performed. No exceptions noted.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and

i. Observe that receipts are sequentially pre-numbered.

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

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

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

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

Results: Procedures performed. No exceptions noted.

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

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

Results: Procedures performed. No exceptions noted.

B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

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

ii. At least two employees are involved in processing and approving payments to vendors;

iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Results: Procedures performed. No exceptions noted.

C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Results: Procedures performed. No exceptions noted.

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

Results: Procedures performed. No exceptions noted.

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

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

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

i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

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

C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: Exceptions were noted for items:

(C.)(1) An original itemized receipt was not examined for multiple items purchased with the District's credit cards.

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

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

i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

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

iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

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

Results: (A.)(ii)(iii) Original itemized receipt and business purpose was not observed on one reimbursement.

8) *Contracts*

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, <u>excluding the practitioner's contract</u>, and

i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: Procedures performed. No exceptions noted.

9) Payroll and Personnel

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

Results: Procedures performed. No exceptions noted.

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

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

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

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

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

Results: Procedures performed. No exceptions noted.

C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

Results: Procedures performed. No exceptions noted.

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: Procedures performed. No exceptions noted.

10) *Ethics*

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results: Procedures performed. No exceptions noted.

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

Results: Procedures performed. No exceptions noted.

11) Debt Service

A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

There is no debt instrument issued.

B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

There is no debt instrument issued.

12) Fraud Notice

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Results: Exceptions were noted for item:

(A) During the course of the audit there were two instances of payroll fraud noted. Neither were reported by management to the Legislature Auditor nor the District Attorney. One due to the immaterial value of $146.00 and the other due to management's view that it was not fraud to be reported, due to the fact the early release (pay for hours not worked) was approved by management.. However, during the course of the audit we notified the Legislature Auditor of the occurrences.

B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: Procedures performed. No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

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

i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

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

Results: Procedures performed. No exceptions noted.

B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Results: Procedure performed. No exceptions noted.

C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

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

Results: Exceptions were noted for items:

(C.) The District's sexual harassment report was observed; however, the report date was May 10, 2024.

Management's Response

The District concurs with the exceptions and is working to address the deficiencies identified.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Camnetar & Co.

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Gretna, Louisiana
June 30, 2024