

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT**

FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2019

TABLE OF CONTENTS

	<u>PAGE NO.</u>
INDEPENDENT AUDITOR'S REPORT.....	1 - 3
REQUIRED SUPPLEMENTAL INFORMATION (PART I)	
Management's Discussion and Analysis.....	4 – 10
FINANCIAL STATEMENTS	
Statement of Net Position.....	11 - 12
Statement of Revenues, Expenses and Change in Net Position.....	13
Statement of Cash Flows.....	14 - 15
Notes to The Financial Statements.....	16 - 49
REQUIRED SUPPLEMENTAL INFORMATION (PART II)	
Schedule of Changes in Net OPEB Liability and Related Ratios	50
Schedule of Employer's Proportionate Share of Net Pension Liability.....	51
Schedule of Employer's Contributions.....	52
OTHER SUPPLEMENTAL INFORMATION	
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer.....	53
COMPLIANCE AND INTERNAL CONTROL SECTION	
Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	54 – 55
Schedule of Findings and Responses.....	56 - 60
Schedule of Prior Year Findings.....	61 - 62
Management's Corrective Action Plan.....	63

INDEPENDENT AUDITOR'S REPORT

Camnetar & Co., CPAs

a professional accounting corporation

2550 Belle Chasse Highway, Suite 170, Gretna, LA 70053

504.362.2544 (Fax) 504.362.2663

Edward L. Camnetar, Jr., CPA
Orfelinda G. Richard, CPA
Jamie G. Rogers, CPA

Members: American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

**To the Board of Commissioners
Plaquemines Port, Harbor & Terminal District**

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Plaquemines Port, Harbor & Terminal District (the District) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the business-type activities of Plaquemines Port, Harbor & Terminal District as of December 31, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, *Schedule of Changes in Net OPEB Liability and Related Ratios*, *Schedule of Employer's Proportionate Share of Net Pension Liability*, and *Schedule of Employer's Contribution* on pages 4 - 10 and 50 - 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plaquemines Port, Harbor & Terminal District's basic financial statements. The *Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The *Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer* is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, *Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2020, on our consideration of the Plaquemines Port, Harbor & Terminal District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 29, 2020

MANAGEMENT'S DISUSSION AND ANALYSIS

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019**

The Plaquemines Port Harbor & Terminal District's discussion and analysis provides an overview of the District's financial activities for the fiscal year ended December 31, 2019. 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.

Financial Highlights

- The District's assets exceeded its liabilities and deferred inflows (net position) by \$63,238,097 as of December 31, 2019.
- The District's net position decreased by \$111,780 for the year ended December 31, 2019.
- The Districts' total assets increased by \$807,645, or approximately 1%. The District's total liabilities increased \$2,357,010 or 61.1% due to a \$303,217 increase in current liabilities and an increase of \$2,053,793 in non-current liabilities due to an increase in net pension liability.
- During the year, the District's total operating revenue decreased \$133,551 or 2.3%, to \$5,584,430 from the prior year while operating expenses increased \$660,932 or 8.9% to \$8,074,677. The District had a loss from operations of \$2,490,247, which is approximately 44.5% of total operating revenue. This compares to the prior fiscal year's loss from operations of \$1,695,764 or 29.7% of operating revenue.
- During the fiscal year, the District's depreciation expense decreased 5.2% from prior year due to the District's assets being fully depreciated and the disposal of an asset in 2019.
- The District had a 12.9% increase in salaries and related expenses due to an increase in net pension expense, professional development expenses, and salary changes due to manpower adjustments and overtime activity.

Overview of the Required Financial Statements

This discussion and analysis serve as a basic introduction into the District's financial statements. The District'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 the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the District's creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. Increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating.

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019**

Overview of the Required Financial Statements (continued)

All 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 the District's operations over the past year and can be used to determine whether the District has been able to recover 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 the District's cash from operations, investing, and financing and to provide answers to questions such as where cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

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

Financial Analysis of the District

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

Net Position

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

- Total assets increased by \$807,645, total liabilities increased by \$2,330,350, total deferred outflows of resources increased by \$844,882 and total deferred inflows of resources decreased by \$592,703.
- The net increase in assets and liabilities is attributed to an increase in cash and cash equivalents, and an increase in accounts payable, net pension liability and PILOT liability
- The increase of the deferred outflows of resources is due primarily to the district's pension plan liability.
- The decrease of the deferred inflows of resources is due primarily to the deferral of the District's pension liability.

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019**

Financial Analysis of the District (continued)

**Table 1
Plaquemines Port, Harbor & Terminal District
Condensed Statements of Net Position
As of December 31, 2019 and 2018**

Assets	<u>2019</u>	<u>2018</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Total current assets	\$ 20,210,732	\$ 18,478,327	\$ 1,732,405	9.4%
Capital assets- net	58,144,739	58,801,296	(656,557)	-1.1%
Other non current assets	-	268,203	(268,203)	-100.0%
Total assets	78,355,471	77,547,826	807,645	1.0%
Deferred Outflow of Resources				
Deferred Outflow Pension	1,400,806	555,924	844,882	152.0%
Liabilities				
Current liabilities	707,116	403,899	303,217	75.1%
Non-current liabilities	5,510,235	3,456,442	2,053,793	59.4%
Total liabilities	6,217,351	3,860,341	2,357,010	61.1%
Deferred Inflows of Resources				
Unearned grant revenue	53,004	-	53,004	-100.0%
Unearned ground lease revenue	10,153,160	10,162,732	(9,572)	-0.1%
Deffered inflow pension	94,665	730,800	(636,135)	-87.0%
Total deferred inflows of resources	10,300,829	10,893,532	(592,703)	-5.4%
Net Position				
Invested in capital assets, net of related debt	58,144,739	58,801,296	(656,557)	-1.1%
Restricted for land fund	1,755,987	754,965	1,001,022	132.6%
Restricted for relocation project	900,014	1,028,626	(128,612)	-12.5%
Restricted for maintenance	67,948	82,850	(14,902)	-18.0%
Unrestricted	2,369,409	2,682,140	(312,731)	-11.7%
Total Net Position	\$ 63,238,097	\$ 63,349,877	\$ (111,780)	-0.2%

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019**

Financial Analysis of the District (continued)

Summary of Revenue and Expenses

During the year, the District's net position decreased by \$111,780. 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, 2019 and 2018**

	2019	2018	Dollar Change	Percentage Change
Operating Revenue				
Charges for services, net of bad debt expense	\$ 5,584,430	\$ 5,717,981	\$ (133,551)	-2.3%
Total operating revenue	5,584,430	5,717,981	(133,551)	-2.3%
Operating Expenses				
Salaries and related expenses	3,996,662	3,540,360	456,302	12.9%
Supplies, contract services, materials and other	2,997,753	2,733,461	264,292	9.7%
Depreciation	1,080,262	1,139,924	(59,662)	-5.2%
Total Operating expenses	8,074,677	7,413,745	660,932	8.9%
Operating income (loss)	(2,490,247)	(1,695,764)	(794,483)	46.9%
Nonoperating Revenue (Expenses)				
Ad Valorem Tax Revenue, net	39,122	26,572	12,550	47.2%
PILOT Revenue	132,120	15,998	116,122	725.9%
PILOT revenue sharing	(132,120)	(15,998)	(116,122)	725.9%
Donation revenue	-	30,500,000	(30,500,000)	-100.0%
Option revenue	2,000,000	2,000,000	-	0.0%
Lease revenue	205,832	206,832	(1,000)	-0.5%
Grant revenue	60,288	13,794	46,494	337.1%
Interest and investment income	19,473	18,535	938	5.1%
Reimbursement	-	250,000	(250,000)	-100.0%
Other income	26,540	2,623	23,917	911.8%
Gain (Loss) on disposal of assets	581	-	581	100.0%
Bond interest expense	-	(22,506)	22,506	-100.0%
Inter government pension	26,631	24,684	1,947	7.9%
Total Nonoperating Revenue (Expense)	2,378,467	33,020,534	(30,642,067)	-92.8%
Capital contributions				
Change in net position	(111,780)	31,324,770	(31,436,550)	-100.4%
Total net position- beginning of year	63,349,877	32,025,107	31,324,770	97.8%
Total net position- end of year	\$ 63,238,097	\$ 63,349,877	\$ (111,780)	-0.2%

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019**

Financial Analysis of the District (continued)

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

- Operating revenue decrease by \$133,551 or 2.3% due a decrease of activity at the facilities located within the District.
- The increase in operating expenses is due primarily to the increase in salaries, professional services and legal expenses of \$456,302.
- The decrease in non-operating revenue is due to:
 - A decrease in other revenues due to a donation of \$30,500,000 that was made in 2018.
 - A decrease in reimbursements of \$250,000.

Budget

Annually the District adopts an Operating Budget for best practice internal controls. The District is not required to report a budget according to the Local Government Budget Act. The District's operational expenses are balanced by 80% of its expected operating revenues.

Source of Revenue

Operation

All vessels engaged in foreign, 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 to assist in defraying necessary and essential, 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).

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019**

Source of Revenue (continued)

Non-Operation

In 2019 the District's sources of non-operating revenue consisted of multiple sources.

- The District receives PILOT revenue from a lease agreement with Plaquemines Liquid Terminals for leasing property in Point Celeste, Louisiana. The District plans to distribute this revenue upon legislation approval by the Port Commission to other ad valorem taxing agencies of Plaquemines Parish.
- The District receives Right-of-Way lease revenue from High Point Gas Transmission, LLC from a lease entered into in 2016 for a pipeline right of way on District property located in Point Celeste, Louisiana.
- The District receives monthly lease payments from Marine Spill Response Corporation for the purpose of leasing a warehouse, dock facilities and parking area located at Fort Jackson, Louisiana.
- The District receives option lease income from an agreement with Venture Global Plaquemines LNG, LLC for leasing property located in Point Celeste, Louisiana.

Capital Assets

During the year, the District invested \$425,608 in capital assets, see table below. In the fiscal year 2019, the District completed two land acquisitions worth \$123,100. The District invested \$193,919 in projects it plans to complete in 2020. The District also invested \$108,589 in Machinery and Equipment while disposing of a vehicle during the year.

	<u>December 31, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2019</u>
Capital assets, not depreciated				
Land	\$ 48,431,099	\$ 123,100	\$ -	\$ 48,554,199
Construction in progress	229,534	193,919	-	423,454
Total Capital assets, not depreciated	48,660,633	317,020	-	48,977,652
Capital assets, being depreciated				
Buildings	5,055,556	-		5,055,556
Land Improvements	138,138	-		138,138
Improvements other than buildings	626,587	-		626,587
Machinery and Equipment	13,203,819	108,589	(19,029)	13,293,379
Less Accumulated Depreciation	(8,883,438)	(1,080,262)	17,126	(9,946,574)
Total Capital assets, being depreciated	10,140,662	(971,673)	(1,903)	9,167,086
Capital Assets, net	\$ 58,801,295	\$ (654,653)	\$ (1,903)	\$ 58,144,739

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019**

Economic Factors and Next Year's Budget and Rates

The Plaquemines Port, Harbor & Terminal District considered the following factors and indicators when setting next year's budget, rates and fees. These factors include:

- Security Fees- the district increased Security Dockage Fees assessed to vessels using the District by .29% for the total dockage security fee assessed per vessel call and a .29% increase for break bulk cargos as per the vote of the membership of the Gulf Seaports Marine Terminal Conference, of which the Plaquemines Port, Harbor & Terminal District is a member port.
- Venture Global is projected to enter a ground lease with the District in the 4th quarter of 2020 due to its issuance of its FERC permit on September 30, 2019.
- Grants—the District has been awarded five port security grants for various port security projects to begin in 2020.
- Port Development—the District will continue to work towards its strategic goal to becoming a landlord port through the multiple land acquisitions completed in 2019

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances. If you have questions about this report or need additional financial information, contact Chambrel Riley-Williams, CPA, Director of Finance, 8056 3rd Floor Highway 23, Belle Chasse, LA 70037.

FINANCIAL STATEMENTS

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
STATEMENT OF NET POSITION
December 31, 2019

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 5,292,638
Investments	874,338
Trade receivables, net of allowance	1,060,239
Other receivables	2,260
Grant receivable	142,986
Ad valorem tax receivable, net of allowance	40,480
Prepaid expenses	73,842
Restricted current assets	
Cash and cash equivalents	12,723,949
Total Current Assets	<u>20,210,732</u>

NON CURRENT ASSETS

Capital assets, net of accumulated depreciation	58,144,739
Total Non Current Assets	<u>58,144,739</u>

TOTAL ASSETS

\$ 78,355,471

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflow pension	<u>\$ 1,400,806</u>
--------------------------	---------------------

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 486,756
Accrued expenses	72,072
PILOT liability	148,118
Other liabilities	170
Total Current Liabilities	<u>707,116</u>

NON CURRENT LIABILITIES

Compensated absences	156,945
Net pension liability	1,546,759
Other post employment benefits payable	3,806,531
Total Non Current Liabilities	<u>5,510,235</u>

TOTAL LIABILITIES

\$ 6,217,351

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

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
STATEMENT OF NET POSITION (continued)
December 31, 2019

DEFERRED INFLOWS OF RESOURCES

Unearned grant revenue	\$ 53,004
Unearned ground lease revenue	10,153,160
Deferred inflow pension	94,665
Total Deferred Inflows of Resources	<u>10,300,829</u>

NET POSITION

Invested in capital assets, net of related debt	58,144,739
Restricted for land fund	1,755,987
Restricted for relocation project	900,014
Restricted for maintenance	67,948
Unrestricted	2,369,409
TOTAL NET POSITION	<u><u>\$ 63,238,097</u></u>

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

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
For the Year Ended December 31, 2019

OPERATING REVENUES

Charges for services, net	\$ 5,584,430
TOTAL OPERATING REVENUES	<u>5,584,430</u>

OPERATING EXPENSES

Advertising	8,870
Amortization	21,755
Depreciation	1,080,262
Dues and subscriptions	33,821
Fuel	145,329
Insurance	331,479
Interagency service charge	852,709
Legal fees	192,010
Materials and supplies	122,708
Other office charges and supplies	58,143
Professional service fees	833,272
Rentals and leases	125,414
Repairs and maintenance	99,687
Salaries and related expenses	3,996,662
Travel	124,484
Utilities and communications	48,072
TOTAL OPERATING EXPENSES	<u>8,074,677</u>

OPERATING INCOME (LOSS)

(2,490,247)

NON-OPERATING REVENUES (EXPENSES)

Ad valorem tax revenue prior year recovery, net	39,122
PILOT revenue	132,120
PILOT revenue sharing expense	(132,120)
Option revenue	2,000,000
Lease revenue	205,832
Grant revenue	60,288
Interest income	19,473
Other revenue	26,540
Gain or (loss) on sale of asset	581
Inter-governmental revenue, pension	26,631
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>2,378,467</u>

CHANGE IN NET POSITION

(111,780)

Total net position, beginning of year	<u>63,349,877</u>
Total net position, end of year	<u>\$ 63,238,097</u>

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, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 5,660,053
Cash payments to employees for employee related costs	(3,289,118)
Cash payment to suppliers for operating expenses	(2,359,377)
Net cash provided (used) from operating activities	<u>11,558</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Ad valorem income	53,929
Grant income	79,980
Lease income	196,260
PILOT income	148,118
Miscellaneous	26,540
Reimbursements	175,078
Option income	2,000,000
Net cash provided from non-capital financing activities	<u>2,679,905</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Proceeds from sale of assets	2,484
Purchase of capital assets	(425,608)
Net cash provided (used) from capital and related financing activities	<u>(423,124)</u>

CASH FLOWS PROVIDED BY INVESTING ACTIVITIES

Interest income received	19,473
Purchase of investments	(19,384)
Net cash provided by investing activities	<u>89</u>

Net increase (decrease) in cash and cash equivalents	2,268,428
--	-----------

CASH AND CASH EQUIVALENTS, beginning	15,748,159
---	------------

CASH AND CASH EQUIVALENTS, ending	<u><u>\$ 18,016,587</u></u>
--	-----------------------------

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

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
STATEMENT OF CASH FLOWS (continued)
For the Year Ended December 31, 2019

**RECONCILIATION OF OPERATING LOSS TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Loss	\$ (2,490,247)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	1,080,262
Amortization	21,755
Bad debt expense - trade receivable	20,681
Pension expense	338,821
Post-employment benefits obligation	350,089
(Increase) Decrease in Assets:	
Trade receivables	54,942
Prepaid expenses	307,213
Increase (Decrease) in Liabilities:	
Compensated absences	18,634
Accounts payable and accrued expenses	309,408
Net cash flows provided by operating activities	<u><u>\$ 11,558</u></u>

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

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

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 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.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

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.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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.

**PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2019

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

Depreciation on all assets, other than land and construction in progress, is provided on the straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Years Depreciated</u>	<u>Reporting Threshold</u>
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 consists 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.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

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 vacation is accrued as an expense of the period in which incurred. Employees of the District earn vacation 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 general leave earned.

At December 31, 2019, employees have accumulated and vested \$156,945 of annual leave benefits, which is recorded as a long-term liability.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

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

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 not 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 \$3,806,531 as of December 31, 2019.

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

NOTE 2 – CASH AND CASH EQUIVALENTS

At December 31, 2019, the District has cash and cash equivalents (book balances) totaling \$ 18,016,587 as follows:

<u>Components of Cash & Cash Equivalents</u>	<u>Amounts</u>
Unrestricted	
Demand deposits	\$ 5,292,637
Total unrestricted cash	<u>5,292,637</u>
Restricted	
Land	1,755,987
Designated for relocation project	900,014
Designated for land maintenance	67,949
Land acquisition phase I	<u>10,000,000</u>
Total restricted cash	<u>12,723,950</u>
Total amount of Cash & Cash Equivalents	<u>\$ 18,016,587</u>

These deposits are stated at cost, which approximates market.

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.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

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, 2019, the District had \$7,835,830 in deposits and \$10,000,000 in deposits in a control deposit account (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$ 17,585,831 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, 2019, the District had no noncash investing and financing transactions.

NOTE 3 – INVESTMENTS

At December 31, 2019, the District's unrestricted investments in the Louisiana Asset Management Pool (LAMP) totaled \$874,338. 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 having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. 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.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

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.la.la.gov or by contacting LAMP at 228 St. Charles Ave., Suite 1123, New Orleans, LA 70130.

Interest Rate Risk - 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 - Investments. 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.

Concentration of Credit Risk

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, 2019, the District had no investments requiring a Concentration of Credit Risk disclosure.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

NOTE 4 – PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. These items, totaling \$73,842 primarily include insurance premiums, membership dues, and technical service software support for upcoming years.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 5 – TRADE RECEIVABLE

The District's trade receivable account totaled \$1,295,750 for the year ended December 31, 2019. The District's cumulative allowance for doubtful accounts was \$235,511 at year end which resulted in a net trade receivable of \$1,060,239 for the year ended December 31, 2019.

An allowance for uncollectible accounts is estimated and recorded based upon the District's historical experience. For the year ended December 31, 2019, the District recorded bad debt expense related to trade receivables of \$20,681.

NOTE 6 - AD VALOREM TAX RECEIVABLE AND REVENUE

Ordinance #17-133 authorized the levy and collection of an ad valorem tax of one and one-half mills on land within the boundaries of the District as authorized by chapter 8 of title 34 of the Louisiana revised statutes of 1950, as amended, and other constitutional and statutory authority, as applicable, to be dedicated and used for all lawful purposes by the District, including but not limited to the acquisition of immovable property and the construction of capital improvements.

The governing authority adopted ordinance # 13-248 on October 24, 2013 and Ordinance # 14-95 on May 22, 2014, providing for the levy of a three (3) mill ad valorem tax to be levied. In 2016 the board adopted ordinance #16-103 for the continuous of the levy but at a reduced rate of one and one-half (1.5) mills for the 2016 tax year. Ordinance #17-133 purpose was to continue the levy at the reduced rate of one and one-half (1.5) mills for the 2017 tax year.

In 2019, the District did not levy an ad valorem tax. The ad valorem tax levied in previous years was dedicated to the repayment of the District's bond debt. The District retired the debt in April of 2018 utilizing the receipt of millage taxes and unrestricted resources of the District.

Ad valorem tax receivable

Ad valorem tax receivable account totaled \$507,543 for the year ended December 31, 2019. The District's cumulative allowance for uncollectible receivables was \$467,063 at year end which resulted in a net ad valorem tax receivable of \$40,480 for the year ended December 31, 2019.

For the year ended December 31, 2019, the District received \$53,929 of prior year ad valorem assessments, which is comprised of the following:

<u>Tax Year</u>	<u>Amount</u>
2014	\$ 19,301
2015	\$ 16,077
2016	\$ 3,744
2017	\$ 14,807

The amounts collected from the ad valorem tax levy are utilized for the purpose of reimbursing the District's operating funds used to retire the bond payable.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 7 – GRANT RECEIVABLE

Port Security Grant Receivable

In September 2018 the District was awarded a 2018 Port Security Grant in the amount of \$427,313. The District was required to contribute a cost match in the amount of \$142,437 of non-federal funds. The District may request state matching funds from the Lower Mississippi Port-Wide Strategic Security Council for its cost match requirement. This award was for three port projects including cyber security, a security barge and a security trailer. Funds were available for reimbursement on April 29, 2019 for cyber security and a security barge and September 6, 2019 for a security trailer.

The District's incurred expenses between April 2019 and December 2019 qualified for reimbursement. The amount of the receivable due from the FEMA is \$18,240 and the amount due from Lower Mississippi Port-Wide Strategic Security Council is \$15,072 at December 31, 2019.

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 of the receivable due from FEMA at December 31, 2019, is \$109,674.

NOTE 8 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2019, is as follows:

	<u>December 31, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2019</u>
Capital assets, not depreciated				
Land	\$ 48,431,099	\$ 123,100	\$ -	\$ 48,554,199
Construction in progress	229,534	193,919	-	423,454
Total Capital assets, not depreciated	48,660,633	317,020	-	48,977,652
Capital assets, being depreciated				
Buildings	5,055,556	-		5,055,556
Land Improvements	138,138	-		138,138
Improvements other than buildings	626,587	-		626,587
Machinery and Equipment	13,203,819	108,589	(19,029)	13,293,379
Less Accumulated Depreciation	(8,883,438)	(1,080,262)	17,126	(9,946,574)
Total Capital assets, being depreciated	10,140,662	(971,673)	(1,903)	9,167,086
Capital Assets, net	\$ 58,801,295	\$ (654,653)	\$ (1,903)	\$ 58,144,739

Depreciation charged for the year ended December 31, 2019, was \$1,080,262.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 8 – CAPITAL ASSETS (Continued)

Land Purchase

On February 28, 2019, the District adopted Ordinance #19-22, authorizing Maynard J. Sanders, Executive Director to purchase land and a cell tower owned by Woodland Borrow Pits, LLC. The land was purchase to continue development of the District. The property was purchased for \$123,530 plus settlement cost and other closing cost of \$9,401. The land value is \$61,071 and value of cell tower is \$71,861.

On October 10, 2019 the District purchased Tract 52A in Port Sulphur, LA from Regions Bank for \$59,496 and \$2,533 in legal and appraisal fees. The property is contiguous to property currently owned by the District.

NOTE 9 – ACCRUED EXPENSES

Certain payments to vendors have been accrued in the account as they relate to 2019 activity. These payments will be made in the following fiscal year end December 31, 2020. The amount of accrued expenses at year end December 31, 2019, was \$72,072.

NOTE 10 - POST EMPLOYMENT BENEFITS

The District follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for reporting the employers' OPEB Plan liability.

Plan Description

The District's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. Employees become eligible for these benefits when they reach normal retirement age while working for the district. Benefits are available upon retirement from service according to retirement eligibility provisions as follows:

- Those hired prior to January 1, 2007 are eligible for retirement upon meeting any of the following requirements: age 55 with 25 years of service; age 60 with 10 years of service; age 65 with 7 years of service; any age 30 years of service. For those hired on or after January 1, 2007 they are eligible for retirement upon meeting any of the following requirements: 30 years of service at age 55; 10 years of service at age 62 or 7 years of service at age 67. These benefits for retirees are similar benefits to active employees provided through an insurance company. Premiums are paid jointly by the District and the retiree. Those who retired from the District prior to 2013 are not eligible. They have been included in the valuation for the Plaquemines Parish Government. Prior to 2013, the District's financial report was included with those of the Plaquemines Parish Government. All employees of the district hired prior to January 1, 2013 will receive benefits based upon their original date of hire with the Plaquemines parish Government.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 10 - POST EMPLOYMENT BENEFITS (Continued)

- Health, dental, and vision coverage includes a fully insured group health maintenance plan together with Medicare plans for those eligible. The plan provisions are contained in the office plan documents.
- Life insurance coverage is available to retirees in the amount of \$10,000 for retirees and \$5,000 for spouses.

Currently the District has only three retirees. The District pays 83% of the retiree's life, dental, and vision annual premium.

Summary of Membership Information

The following table provides a summary of the number of participants in the plan as of the valuation date:

Retirees and Beneficiaries	3
Active Plan Members	38
Total Plan Members	41

Changes in the Total OPEB Plan Liability

The following table shows the change in the District's OPEB Plan liability:

<u>Description</u>	<u>Amount</u>
Service Cost	\$ 264,256
Interest on the Total OPEB Plan Liability	134,754
Differences between expected and actual experience	(26,653)
Benefit Payments	(22,268)
Net Change in Total OPEB Plan Liability	350,089
Net OPEB Plan Liability, Beginning of Year	3,456,442
Net OPEB Plan Liability, End of Year	<u>\$ 3,806,531</u>

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 10 - POST EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress: As of December 31, 2019, the total OPEB Plan liability was \$3,806,531, and assets held in trust were \$0, resulting in a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$1,920,960, and the ratio of the total OPEB Plan liability to the covered payroll was 198.2 percent.

The OPEB Plan contribution requirements of the District and OPEB Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. The District has not advance-funded or established a funding methodology for the annual OPEB expense or the net OPEB Plan liability, and the OPEB Plan is financed on a pay-as-you-go basis.

Actuarial Valuation Date

For employee and retiree population purposes, January 1, 2018, was the actuarial valuation date.

Actuarial Valuation Methods and Assumptions

Actuarial valuations of an ongoing OPEB Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the OPEB Plan are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Individual Entry Age Normal Cost Method with an increasing normal cost pattern was used in the OPEB Plan liability calculation.

Demographic assumptions employed in the actuarial valuation were similar as those employed in the January 1, 2016, actuarial valuation and are appropriate for use in the OPEB Plan Actuarial Valuation. These include assumed rates of future termination, mortality, disability, and retirement.

Mortality tables used the RP 2014 Total Dataset Mortality Table projected with Scale MP-2017.

The total OPEB Plan liability actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Salary Increases	4.00 Percent
Discount Rate	3.67 Percent

Healthcare cost trend rates were set to follow the Getzen Model after a short-term transition period starting at 7.50% and uniformly decreasing to a trend rate of 6.75% over three years.

Aging factors are adjusted for age and gender and assumed to follow the Yamamoto assumptions.

**PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2019

Administrative expenses are assumed to be included in the per capita health costs.

NOTE 10 – POST EMPLOYMENT BENEFITS (continued)

Discount Rate: There are no invested plan assets held in trust to finance the OPEB Plan liability. The discount rate used equals the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA rating as of the measurement date. For the purpose of the OPEB Plan valuation, the municipal bond rate was 3.67%.

The District's annual OPEB expense totaled \$399,010 for the fiscal year ended December 31, 2019.

At December 31, 2019, the District had \$0 reported deferred outflows and \$0 deferred inflows of resources related to the OPEB Plan liability.

The deferred outflows of resources related to OPEB totaling \$0 resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending December 31</u>	<u>Amortization</u>
2019	\$ -
2020	-
2021	-
2022	-
2023	-
Thereafter	-
	<hr/>
	\$ -

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 10 – POST EMPLOYMENT BENEFITS (continued)

Sensitivity of the District's Total OPEB Plan Liability to Changes in the Discount Rate

The following presents the District's OPEB Plan liability calculated using the discount rate of 3.67 percent, as well as what the OPEB Plan liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.67 percent) or 1-percentage-point higher (4.67 percent) than the current rate:

	1% Decrease 2.67%	Current Rate 3.67%	1% Increase 4.67%
Net OPEB Liability			
December 31, 2019	\$4,563,777	\$3,806,531	\$3,204,655

Sensitivity of the District's Total OPEB Plan Liability to the Healthcare Cost Trend Rate Assumption

Regarding the sensitivity of the total OPEB liability, calculated using the assumed trend rates as well as what the OPEB Plan's total liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Current Health Care Trend Rate	1% Increase
Net OPEB Liability			
December 31, 2019	\$3,080,604	\$3,806,531	\$4,777,023

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.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 11 – PENSION PLAN (continued)

For the year ended December 31, 2018, there were 290 contributing employers in Plan A and 50 in Plan B. Statewide retirement membership consisted of:

	<u>Plan A</u>	<u>Plan B</u>	<u>Total</u>
Inactive plan members or beneficiaries receiving benefits	7,467	896	8,363
Inactive plan members entitled to but not yet receiving benefits	8,658	1,862	10,520
Active members	<u>14,027</u>	<u>2,429</u>	<u>16,456</u>
Total Participating as of the Valuation Date	<u><u>30,152</u></u>	<u><u>5,187</u></u>	<u><u>35,339</u></u>

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, 2018. Access to the report can be found on the Louisiana Legislative Auditor's website, www.la.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.

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

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 11 – PENSION PLAN (continued)

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 statutes, 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.

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.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 11 – PENSION PLAN (continued)

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, 2018, the actuarially determined contribution rate was 9.99% of member’s compensation for Plan A and 7.01% of member’s compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2018 was 11.5% for Plan A and 7.50% for Plan B.

According to State statute, PERS also receives $\frac{1}{4}$ 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.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 11 – PENSION PLAN (continued)

The District's employer and employee contributions to PERS for the measurement date fiscal year ended December 31, 2018 were as follows:

Source	Contribution Amount	Covered Payroll	Percent of Covered Payroll
Employee	\$ 198,912	2,096,927	9.5%
Employer	246,086	2,139,882	11.5%
	<u>\$ 444,998</u>		

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

At December 31, 2019, the District reported a liability of \$1,546,759 for its proportionate share of the PERS Net Pension Liability/Asset (NPL/A). The NPL/A for PERS was measured as of December 31, 2018, and the total pension liability(asset) used to calculate the NPL/A was determined based on an actuarial valuation as of that date. The District's proportion of the NPL/A 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, 2018, the most recent measurement date, the District's proportion was 0.348498%, an increase 0.016470 % from the December 31, 2017 proportion.

For the year ended December 31, 2019, the District recognized a total pension expense of \$602,348. This amount was made up of the following:

Components of Pension Expense	Amount
District's pension expense per the PERS	\$ 601,717
District's amortization of actual contributions over its propottionate share of contribution	631
Total Pension Expense Recognized by the District	<u>\$ 602,348</u>

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 11 – PENSION PLAN (continued)

At year end, 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	\$ -	\$ 94,233
Differences between projected and actual investment earnings	740,439	-
Change in assumptions	386,741	-
Change in proportionate share of the NPL	6,376	432
Differences between the District's contributions and its proportionate share of contributions	3,723	-
District's contributions subsequent to the December 31, 2018 measurement date	263,527	-
	<u>\$ 1,400,806</u>	<u>\$ 94,665</u>

Deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date in the amount of \$1,400,806 will be recognized as a reduction of the PERS NPL/A in the year ended December 31, 2019. 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
2019	\$ 356,812
2020	195,268
2021	159,724
2022	327,087

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 11 – PENSION PLAN (continued)

Actuarial Assumptions

The current year actuarial assumptions utilized for this report are based on the assumptions used in the December 31, 2018 actuarial valuation, which (with the exception of mortality) were based on results of an actuarial experience study for the period January 1, 2010 to December 31, 2014, unless otherwise specified.

A summary of the actuarial methods and assumptions used in determining the total pension liability/(asset) as of December 31, 2018, are as follows:

Description	Assumptions / Methods
Valuation Date	December 31, 2018
Actuarial Cost Method	Plan A & B - Entry Age Normal
Investment Rate of Return	6.50% (Net of investment expense), including inflation
Expected Remaining Service Lives	4 years
Projected Salary Increases	Plan A - 4.75% & Plan B - 4.25%
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits being paid by PERS and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees
Mortality	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.

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 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.43% for the year ended December 31, 2018.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed income	35%	1.22%
Equity	52%	3.45%
Alternatives	11%	0.65%
Real assets	2%	0.11%
Totals	<u>100%</u>	<u>5.43%</u>
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Return		<u>7.43%</u>

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

Discount Rate

The discount rate used to measure the total pension liability/(asset) was 6.50% for Plan A and 6.50% 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.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

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/A using the current discount rate of 6.50%, as well as what the District's proportionate share of the NPL/A 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 2018			
	Current			
	1% Decrease <u>5.50%</u>	Discount Rate <u>6.50%</u>	1% Increase <u>7.50%</u>	
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,284,902	\$ 1,546,759	\$ 93,823	

Pension Plan Fiduciary Net Position

The components of the net position liability(asset) of PERS employers as of December 31, 2018, are as follows:

	Plan A	Plan B
Total Pension Liability	\$ 3,984,796,378	\$ 334,817,251
Plan Fiduciary Net Position	3,540,960,468	307,800,757
Net Pension Liability (Asset)	<u>\$ 443,835,910</u>	<u>\$ 27,016,494</u>

Detailed information about PERS's fiduciary net position is available in the separately issued December 31, 2018 financial report. This report can be found on the Louisiana Legislative Auditor's website (www.la.gov) in the database of reports.

Payables to the Pension Plan

At December 31, 2019, the District had \$119,790 in payables to PERS for the fourth quarter 2019 employee (\$53,633) and employer (\$66,157) 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, 2018 measurement date.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 12 – DEFERRED INFLOWS OF RESOURCES

Unearned Ground Lease

The components of deferred inflows of resources are as follows:

Venture Global Plaquemines LNG, LLC	\$	10,000,000
Highpoint Gas Transmission, LLC		153,160
Total Deferred Inflows of Resources	\$	<u>10,153,160</u>

Venture Global Plaquemines LNG, LLC

On August 19, 2015, the District entered into an option lease agreement with Venture Global Plaquemines LNG, LLC (VG) for the opportunity to lease the 632 acres of the District's property located in Point Celeste, LA for the purpose of constructing and operating a multi-purpose energy terminal facility. The irrevocable and exclusive option to lease the property contains three option periods. The initial option period was granted on August 19, 2015. The District received \$1,000,000 of option revenue at that time. The initial option period is twelve months from the date of the executed agreement. The two subsequent option periods extend the initial option period if deemed necessary by VG. These two subsequent option periods are subject to payments of (1) \$1,500,000 and (2) \$2,000,000 payable to the District if exercised. In 2016, the District received \$1,500,000 in option revenue due to VG exercising the second option period.

In 2015, the District received \$5,000,000 in advance rent payments from VG. For the year ended December 31, 2016, the District received an additional \$5,000,000 in advance rent payments from VG.

In 2017, VG exercised the option period and the District received \$2,000,000 of additional option revenue. Ordinance #17-119 authorized the District to Amend the 2015 Option to Lease Agreement with VG for the mutual benefit of both parties. The amendment included an option for VG to lease a laydown area for a term up to five (5) years similar to terms in the Ground Lease. The amendment also amended the terms for the District's receipt of advance rent payments. The advance rent payments have been postponed by the agreement. The District must acquire title to properties comprising Parcel 3 in order for the advance rent payments of \$5,000,000 to continue.

On September 27, 2018, ordinance #18-125 was adopted to extend the amendment authorized by ordinance #17-119. The District did not receive an advance rent payment in 2018 per Ordinance #18-125.

On August 16, 2019, VG exercised its rights under the Option Agreement and the District received an option payment of \$2,000,000.

At December 31, 2019, the District has \$10,000,000 of deferred inflows of resources from advance rent payments.

A restricted account was established for depositing the advance rent payments, and disbursements subject to approval of funds by VG, granting a security interest in proceeds in the event of default by the District. The payments are allowed for acquiring property. If the District chooses not to

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 12 – DEFERRED INFLOWS OF RESOURCES (continued)

acquire property, the advance rent payments must simply remain in the restricted account, to be offset against future rent payments, as they become due in the event a ground lease becomes active.

Highpoint Gas Transmission, LLC

Ordinance #15-145 authorized Plaquemines Port, Harbor and Terminal District to approve a pipeline right-of-way agreement with Highpoint Gas Transmission, LLC to construct and operate a gas pipeline across the District's owned property. The agreement is for twenty (20) years with the option to renew and extend the agreement for an additional period of twenty (20) years. Terms also stated, Highpoint shall pay the District the cost of the lease in full prior to the first day of the primary term. The one rental payment is based on annual rental fee of \$35 per rod for a pipeline set by Ordinance #03-55 adopted on April 10, 2003.

The annual fee for the agreement is \$9,573 which equates to 274 rods times \$35. The District received the entire 20-year rental fee of \$191,450 on January 5, 2016. For the year ended December 31, 2019, the District recognizes \$153,160 in unearned lease revenue.

Unearned Grant Revenue

During the year ended December 31, 2019, the District had allowable expenses of \$60,288 (\$45,216 – federal portion and \$15,072 – state portion) under the port security grant, which is recognized as grant revenue earned in the Statement of Revenues and Expenses. The grant requires allows for 75% federal funds and 25% state match.

In 2019, the District received a draw down amount of \$79,980 from federal funds and recorded a federal grant receivable of \$18,240 at December 31, 2019. The funds recorded as a receivable were received by the District in 2020. The difference between the allowable expenses and the received amount is recorded as unearned revenue in the amount of \$53,004.

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.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

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

In 2019, the District earned \$132,120 in PILOT (payment in lieu of taxes) revenue. This amount is based on total ad valorem tax due that would have been due had the Plaquemines Liquid Terminals owned the property. The payment was received on December 24, 2019. 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 2019 in the amount of \$148,118. upon completion of CEAs the District will distribute PILOT payment to taxing bodies.

Contingent Liability- PILOT

2018 PILOT payment	\$	15,998
2019 PILOT payment		132,120
<hr/>		
Ending Continget Liability	\$	148,118

NOTE 14 – NONCURRENT LIABILITIES

Change in Noncurrent Liabilities

Noncurrent liabilities activity for the year ended December 31,2019, is as follows:

	December 31,2018	Additions	Reductions	December 31,2019	Due within one year
OPEB	\$3,456,442	\$ 350,089	\$ -	\$ 3,806,531	\$ -
Net Pension Liability	\$ -	\$ 1,546,759		\$ 1,546,759	\$ -
Accumulated Compensated Absence	\$ 138,311	\$ 18,634		\$ 156,945	\$ -

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, 2019, is described below:

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 15 - RESTRICTED NET POSITION (CONTINUED)

Balance, January 1,2019	\$ 754,965
Additions:	
Current year restrictions 20%	\$ 1,121,022
Appropriations:	
Land Purchase- Tower Property Ord.19-22	<u>\$ (120,000)</u>
Balance, December 31,2019	\$ 1,755,987

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. In 2019, the District appropriated an additional \$58,733.

In 2017, the District disbursed \$114,511 of the funds set aside for the relocation project. In 2018, the District disbursed \$90,113 from the restricted fund for the project. In 2019, the District disbursed \$187,345. The available balance at December 31,2019, was \$900,014.

Balance, January 1,2019	\$1,028,626
Additions:	
Current year restrictions	\$ 58,733
Reductions	
Current year expenditures	<u>\$ (187,345)</u>
Balance, December 31,2019	\$ 900,014

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.

In 2016, expenditures totaled \$49,900. At December 31, 2017, the District disbursed \$54,250 of the funds set aside for the project. In 2018, disbursements totaled \$62,999. In 2019, the District disbursed \$14,902 for project maintenance. The available project balance at December 31, 2019, was \$67,949.

Balance, January 1,2019	\$ 82,851
Additions:	
Current year restrictions	\$ -
Reductions	
Current year expenditures	<u>\$ (14,902)</u>
Balance, December 31,2019	\$ 67,949

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

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 service revenue for the year ended December 31, 2019, can be categorized as follows:

<u>Description</u>	<u>Amount</u>
Security- Harbor	\$ 143,237
Security- Cargo	2,150,861
Harbor Fee	1,062,334
Docking Fee	414,298
Supplemental Harbor Fee	1,833,817
Minimum Charges	564
Less: Allowance for Bad Debts	<u>(20,681)</u>
Total Service Revenue	<u>\$ 5,584,430</u>

NOTE 17 – LEASE REVENUE

Lease revenue for the year ended December 31, 2019, is made up of the following:

Warehouse and dock	\$ 193,260
Property	<u>12,573</u>
Total Lease Revenue	<u>\$ 205,833</u>

Lease revenue – warehouse, dock, and parking area

On June 14, 1994, the District entered into a written lease agreement with 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 increase by 10% every 60 months. The unrelated party currently agrees to pay the District a sum of \$16,105 monthly. Payments are due the first day of each month.

Total rental income for 2019 is \$193,260.

The following is a schedule of future minimum rental income for non-cancelable operating revenue leases as of December 31, 2019:

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 17 – LEASE REVENUE (continued)

<u>Year Ended December 31,</u>	<u>Amount</u>
2020	\$ 204,580
2021	212,580
2022	212,580
2023	212,580
2024	212,580
2025	212,580
	<u>\$ 1,267,480</u>

Lease revenue – 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 Point is required to pay the District in full prior to 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.

The annual lease revenue for this agreement is \$9,572 based on 273.5 rods times \$35.00.

Lease revenue- B3 Access Property

On February 22, 2018 ordinance #18-19 was adopted by the Board of Commissioners which authorized the Executive Director to purchase land owned by Richard Waldner and to then lease the property to Mr. Waldner on a short-term basis. On March 1, 2018 the District entered into a residential lease with Richard Eugene Waldner. The District leases to the leasee the house and improvements situated at 20945 Highway 23 Port Sulphur, Louisiana for \$250 per month. Lease revenue for 2019 for this mentioned property is \$2,500.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 18 – OPERATING LEASES

Office space and 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 initial monthly rental is \$5,900 for the District's office space. Upon signing the agreement, the District paid one year of rental payments totaling \$70,800. The initial monthly rental for the undeveloped tract of land is \$1,000 a month. The initial payment for the land consisted of lease rental for one-year totaling \$12,000. Lease rentals for subsequent years for the office and 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 2019, the District recognized office space rent expense of \$75,204 and rent expense for land of \$12,746.

Property

On July 13, 2017, the Plaquemines Parish Government adopted resolution # 17-179 authorizing the Plaquemines Parish Government to enter into a new lease agreement with Equiland, Inc stating the Plaquemines Port Harbor and Terminal District uses a portion of the leased land for rescue boat docking operations and shares rental payments with Plaquemines Parish Government on a 50/50 basis. The consideration for the lease of this property is at the annual rate of \$25,500 commencing on August 4, 2017, half of which is paid by the Plaquemines Parish Government and half of which is paid by the District. The term of the lease was for one year beginning August 4, 2017, and ending August 3, 2018. The written agreement includes monthly payments of \$1,063 per month from the District. The lease includes an annual automatic renewal provision. On July 10, 2019 Plaquemines Parish Government purchased the property formally being leased from Equiland which terminated the lease. Lease payments for 2019 was prorated for the month of July.

The District's dock site remains at the same location. A lease has not been entered into for the property between the Plaquemines Parish Government and the District.

In 2019, the District recognized property rent expense of \$6,693.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 19 - INTERAGENCY SERVICE CHARGE

On December 13, 2018, the District's Board of Commissioners (members of the Plaquemines Parish Council as governing authority) adopted the Districts' 2019 Operating Budget which included Interagency Service Charge expense in the amount of \$311,102 and an Interagency- Fire & Ambulance Service Charge in the amount of \$550,358 for a total Interagency Service Charge expense to be paid to the Plaquemines Parish Government in the amount of \$861,460. The fee amount was derived from a fee schedule presented by the Plaquemines Parish Government based on the Plaquemine Parish Government's expense budget for various departments. These departments included Civil Service, Plaquemines Parish Council, Plaquemines Parish Council Secretary, 911 Operations, Plaquemines Emergency Preparation, Plaquemines Parish Telecommunications, Firefighting, and Ambulance Services as seen in the chart below:

<u>Plaquemines Parish</u>			<u>Percent of</u>	<u>Amount Paid to</u>
<u>Government Department</u>	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>Budget Charged</u>	<u>Plaquemines</u>
			<u>to District</u>	<u>Parish</u>
				<u>Government</u>
911 Services	\$ 476,250	\$ 460,707	15%	\$ 69,106
Civil Service	241,410	172,716	7.39%	12,764
Council	1,067,246	872,701	15%	130,905
Council Secretary	215,145	161,132	15%	24,170
Emergency Prep	303,685	267,904	5%	13,395
Telecommunications	496,087	466,840	2.88%	13,445
Total				\$ 263,785

<u>Plaquemines Parish</u>			<u>Percent of</u>	<u>Amount Paid to</u>
<u>Government Department</u>	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>Budget Charged</u>	<u>Plaquemines</u>
			<u>to District</u>	<u>Parish</u>
				<u>Government</u>
Firefighting	\$ 6,704,349	\$ 7,001,290	6%	\$ 420,077
Ambulance Services	2,468,285	2,814,186	6%	168,851
Total				\$ 588,929

On August 29, 2019 the District received invoices for 1st and 2nd quarter based actual expenses in the amount of \$197,921 and \$206,941. On November 13, 2019 the District received an invoice for 3rd quarter fees based actual expenses in the amount of \$201,662. These invoices were paid on November 18, 2019.

The District received an invoice on May 11, 2020 for 4th quarter interagency fees in the amount of \$246,833 (less a credit due of \$643) based on actual expenses incurred by Plaquemines Parish Government. These expenses are included in accounts payable as of December 31, 2019. Payment for the invoice was made on May 28, 2020.

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

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 20 – 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 primarily on tariffs collected from vessels engaged in waterborne commerce within the district. 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 21 – 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. It also states in Article 4 Section 4.01, No. 27, the Parish Council shall serve as the sole governing authority, as the Board of Port Commissioners, for the Plaquemines Port, Harbor & Terminal District.

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, Plaquemines Parish Council, Plaquemines Parish Council Secretary, 911 Operations, Plaquemines Parish Telecommunications and emergency services relating to Plaquemines Parish Firefighting and Ambulance is based on percentage of use of total budget.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 22 – LITIGATION

On April 17, 2019, the District filed a petition for a declaratory judgment is sought to determine whether the time and expenses of the Internal Auditor, without compensation from the Port, is an unconstitutional donation under Article VII sec. 14 of the Louisiana Constitution.

The District request the entry of declaratory judgment by the court declaring that:

- (1) The Port is not subject to the Plaquemines Parish Charter, and the Council's actions to make the Port subject to the Charter so is an impermissible violation of the Louisiana Constitution.
- (2) Section 7.08 of the Plaquemines Parish Charter, by its own language, does not apply to Plaquemines Port, Harbor and Terminal District;
- (3) In the event that the Court determines that the language of Plaquemines Parish Charter Sec. 7.08 indicates an intent to apply to the Port, that such language violates the Louisiana Constitution, and, finally;
- (4) That auditing functions performed by the Plaquemines Parish Internal auditor, regarding Plaquemines Port Harbor and Terminal District, must be paid for by Plaquemines Port Harbor and Terminal District, so as to avoid violation of Article VII, Section 14 of the Louisiana Constitution.

On November 5, 2019, a judgement issued by Kevin D. Conner, Judge, Division “A”, was filed with the Plaquemines Parish Clerk which stated the following:

- (1) The Plaquemines Port, Harbor and Terminal District is subject to the Plaquemines Parish Charter provision Article 7, Sec. 7.08.
- (2) The Plaquemines Parish Council's application of Article 7, Sec.7.08 to the Plaquemines Port, Harbor and Terminal District is not in violation of the Louisiana State Constitution.
- (3) The Plaquemines Parish Council did not violate the Louisiana State Constitution by utilizing the Plaquemines Parish Internal Auditor to audit the Port, Harbor and Terminal District.
- (4) The Plaquemines Parish Council's use of the Plaquemines Parish Internal Auditor to audit the Plaquemines Port, Harbor and Terminal District is not a prohibited donation of public funds in violation of Article VII, Section 14 of the Louisiana Constitution.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 23 – INTERNAL AUDIT

In July 2018, the chief internal auditor of the internal audit department of Plaquemines Parish Government issued an internal audit report of the District's credit card expenses and employee expense reimbursements. The auditor identified findings and observations with respect to the use of the District's credit card and related documentation. The District implemented new procedures to address issues noted in the report.

In March 2019, the chief internal auditor issued a follow-up audit report with respect to the District's credit card expenses and employee reimbursements. The internal audit report states the District has updated and implemented procedures as recommended in the July 2018 report.

In November 2018, the chief internal auditor of the internal audit department of Plaquemines Parish Government issued an internal audit report of the District's contracts and agreements. The audit had no findings of any fraud, waste or abuse but made observations that would strengthen internal control over contracts and agreements. Management of the District noted the recommendations made and will attempt to implement the recommendations within budgetary constraints.

On April 11, 2019 the District's Commissioners adopted resolution 19-107 for the purpose of amending accounting policies and procedures based on recommendations by the internal auditor for the following the credit card expenses, employee expense reimbursements, and contracts and agreements related to internal audits.

NOTE 24 – SUBSEQUENT EVENTS

In November 2019, the District committed funds for the purchase of two new vehicles for fleet updates. The vehicles were ordered but not received at December 31, 2019. One vehicle was received in April 2020.

On November 14, 2019, the Port Commissioners approved Ordinance 19-142 authorizing the Executive Director to purchase Tract 50A located in Port Sulphur, Louisiana from Wayne Paul Perrin for a purchase price of \$80,000.

REQUIRED SUPPLEMENTAL INFORMATION

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
For the Year Ended December 31, 2019

	<u>2018</u>	<u>2019</u>
Total OPEB Liability		
Service Cost	\$ 254,337	264,256
Interest	122,361	134,754
Change of Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	(26,653)
Changes of Assumptions	-	-
Benefit Payments	<u>(23,617)</u>	<u>(22,268)</u>
Net Change in Total OPEB Liability	353,081	350,089
Total OPEB Liability, Beginning	<u>3,103,361</u>	<u>3,456,442</u>
Total OPEB Liability, Ending	<u><u>\$ 3,456,442</u></u>	<u><u>\$ 3,806,531</u></u>
Covered-Employee Payroll	\$ 1,847,077	\$ 1,920,960
Net OPEB Liability as a Percentage of Covered-Employee Payroll	187.13%	198.16%

Notes to Schedule:

Benefit Changes: There were no changes of benefit terms for the year ended December 31, 2019

Changes in Assumption: There were no changes of assumptions for the year ended December 31, 2019.

The 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
Year Ended December 31, 2018*

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%

*Amounts presented were determined as of the measurement date

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
Year Ended December 31, 2019

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%

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, 2019

Agency Head

Maynard Sanders

Purpose	Amount
Salary	\$ 196,740
Benefits- Insurance	28,034
Benefits- Retirement	22,625
Vehicle- Fuel	3,370
Vehicle-Fringe Benefits	616
Data/Wireless- Benefits	2,384
Conferences	3,263
Reimbursements	1,342
Travel (Hotel, Air, Car Rental, Taxi, Meals)	51,715
Special Meals	2,371
Total	<u>\$ 312,460</u>

COMPLIANCE AND INTERNAL CONTROL SECTION

Camnetar & Co., CPAs

a professional accounting corporation

2550 Belle Chasse Highway, Suite 170, Gretna, LA 70053

504.362.2544

(Fax) 504.362.2663

Edward L. Camnetar, Jr., CPA

Orfelinda G. Richard, CPA

Jamie G. Rogers, CPA

Members: American Institute of Certified Public Accountants

Society of Louisiana Certified Public Accountants

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

To the Board of Commissioners
Plaquemines Port, Harbor & Terminal District

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 *Governmental 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 (the District) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 29, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance 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 2019-1.

In addition, we noted certain matters that we reported to the management of the District on a separate letter dated June 29, 2020.

The District's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District'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 29, 2020

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2019

We have audited the financial statements of the Plaquemine Port, Harbor & Terminal District as of and for the year ended December 31, 2019, and have issued our report thereon dated June 29, 2020. 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, 2019, resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

A. Report on Internal Control and Compliance Material to the Financial Statements.

Internal Control

Material Weaknesses ☐ Yes ☒ No Significant Deficiencies ☐ Yes ☒ No

Compliance

Compliance Material to Financial Statements ☒ Yes ☐ No

Was a management letter issued? ☒ Yes ☐ No

B. Federal Awards

The Plaquemines Port, Harbor & Terminal District did not expend federal awards exceeding \$750,000 during the year ended December 31, 2019, and therefore is exempt from the audit requirements under the Single Audit and the Uniform Guidance.

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2019

Section II Financial Statement Findings

A. Issues of Noncompliance

2019-1 Cooperative Endeavor Agreement (CEA) with Plaquemines Parish Government

Criteria – Louisiana Law RS 34:1362 states: The governing authority of the Plaquemines Port, Harbor and Terminal District shall have the right to enter into any and all contracts and agreements with the parish of Plaquemines, the Board of Commissioners of the Port of New Orleans, and any other public subdivisions or authorities relative to any and all matters which lie within the jurisdiction of the district and the governing authority thereof.

Louisiana Law RS 33:7633 regarding cooperative endeavor agreements states: as authorized by Article VII, Section 14(C) of the Louisiana Constitution, political subdivisions and political corporations may enter into a cooperative endeavor agreement with any public or private association, corporation, or individual to carry out a local infrastructure project to achieve a public purpose. The agreement shall state how the donation for the project will result in the furtherance of a public purpose of the local government entity. The cooperative endeavor agreement shall set forth in reasonable detail the following items: (1) The obligations of the various parties. (2) A showing of reasonable expectations that the benefits to be received by the local governmental entity from the donation equal or exceed any local tax rebates, tax credits, or other incentives to be awarded on the project. (3) Consequences to the public or private association, corporation, or individual in the event of a default or breach of the agreement by the association, corporation, or individual that shall include a repayment to the local governmental entity when appropriate, of any rebates, tax credits, or other incentives awarded or expenses incurred.

Following the Louisiana Supreme Court's *Cabela's* decision, the Louisiana Attorney General developed a three-prong test to follow the Court's interpretation of Louisiana Constitution Art. VII, §14(A). The three-prong test states that all three of the following elements must be met for a public entity to properly expend or transfer public funds or property: (1) The expenditure or transfer must be for a public purpose that comports with the governmental purpose which the entity has legal authority to pursue; (2) The expenditure or transfer of public funds or property, taken as a whole, does not appear to be gratuitous; and (3) Evidence must demonstrate that the public entity has a demonstrable, objective, and reasonable expectation of receiving a benefit or value at least equivalent to the amount expended or transferred. These three elements are referred to as the "Cabela's test."

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2019

Section II Financial Statement Findings (Continued)

A. Issues of Noncompliance (Continued)

Condition – The Plaquemines Parish Council serves as the legislative branch of the Plaquemines Parish Government. The Plaquemines Parish Council is also the governing authority of the District commonly referred to as the District's Board of Commissioners. The District and the Plaquemines Parish Government are two distinct legal entities. The governing authority budgeted and required to be paid an interagency service fee to the Plaquemines Parish Government in the amount of \$263,780 for the purposes of 911 services, civil service, council expenses, council secretary expenses, emergency preparations and telecommunications and \$588,929 for fire-fighting and ambulance service fee for a total transfer from the District to the Plaquemines Parish Government of \$852,709.

Cause – The District transferred funds to the Plaquemines Parish Government without a cooperative endeavor agreement or any other written agreement.

Effect – The District transferred funds to the Plaquemines Parish Government (PPG) without a written agreement that set forth in reasonable detail the following items: (1) obligations of the District and PPG, (2) reasonable expectations that the benefits to be received by the local governmental entity from the donation equal or exceed any local tax rebates, tax credits, or other incentives to be awarded on the project, (3) consequences to the public in the event of a default or breach of the agreement.

Recommendation – As a best practice we recommend, the District enter into a written agreement (cooperative endeavor agreement) with the Plaquemines Parish Government regarding interagency service fees. We recommend the agreements outline the three elements of the *Cabela's* test. We recommend the agreements, as a best practice, detail the following items: (1) obligations of the District and PPG, (2) reasonable expectations that the benefits to be received by the District and PPG (3) what occurs in the event of a default or breach of the agreement.

Management's Response - Management's response can be found in the Management's Corrective Action Plan on page number 63.

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2019

Section II Financial Statement Findings (Continued)

B. Significant Deficiencies

None

C. Material Weakness

None

D. Management Letter

2019-2 Budget Control Policy & Budget to Actual Discussions

Condition – The District is an Enterprise Fund and by Louisiana law is not required to adopt a budget, however, a best practice for internal control is adopting, monitoring and amending a budget. The District reports budget to actual results to the governing authority. It is a best practice for the governing authority to have discussions regarding the actual results compared to budget. The District has a written budget policy and a budget control policy that is adopted by ordinance. The District's budget policy does not have monitoring/control procedures to achieve the policy set forth by the ordinance. The District's ability to monitor, detect, and communicate budget to actual results set forth by the governing body is impeded by the lack of budget control procedures. The governing body's discussions of budget to actual results could be impeded by the lack of control procedures. The District's actual revenue results for the year ended December 31, 2019 were 5.5% less than those budgeted.

Recommendation – The District should develop and implement written budgetary control procedures.

Management's Response - Management's response can be found in the Management's Corrective Action Plan on page number 63.

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2019

Section II Financial Statement Findings (Continued)

D. Management Letter (Continued)

2019-3 Special Meals and Travel Documentation

Condition – The District has a written policy regarding credit card usage and a written policy covering travel and meal guidelines. The written policy regarding special meals requires reporting to the Port Chairman a special meals report. The special meals report requires identification of the individuals including the business/agency they represent and their title. The special meals report also requires documentation of the business purpose and why the meals was in the best interest of the District. During the year ended December 31, 2019, an examination of the special meals report revealed the inconsistency of not identifying an individual's business/agency and/or title. The special meals report does not have columnar space to identify the business necessity of the meal. The special meals report is incompatible with the requirements of the special meals report procedure.

Recommendation – The District revise their special meals procedures and forms to adequately capture documentation related to special meals.

Management's Response - Management's response can be found in the Management's Corrective Action Plan on page number 63.

2019-4 District vessel activity

Condition – The District utilizes the marine personnel and resources for capturing data regarding the traffic of vessels and cargo movement within the District whereby the District assesses its tariff. The District does not have written procedures regarding the responsibilities and procedures of those in the marine division with respect to tariff activities.

Recommendation – The District should develop written procedures regarding the responsibilities and procedures of those in the marine division with respect to tariff activities. The District has been award grant funds to electronically detect traffic movement in their waterways. As this project is developed, procedures should be developed to document the relationship of the marine division with the respect to tariff activities.

Management's Response - Management's response can be found in the Management's Corrective Action Plan on page number 63.

Section III Federal Award Findings and Questioned Costs

Not applicable.

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2019

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

A. Issues of Noncompliance

2018-1 Bid Law

Effect – The District failed to complete the steps outlined by the Attorney General in Opinion 96-0004 to comply with state statute when purchasing from a local vendor at the state bid price.

(Resolved)

2018-2 Cooperative Endeavor Agreement (CEA) with Plaquemines Parish Government

Effect – I. The District transferred funds to the Plaquemines Parish Government (PPG) without a written agreement that set forth in reasonable detail the following items: (1) obligations of the District and PPG, (2) reasonable expectations that the benefits to be received by the local governmental entity from the donation equal or exceed any local tax rebates, tax credits, or other incentives to be awarded on the project, (3) consequences to the public in the event of a default or breach of the agreement. The District transferred funds to the Plaquemines Parish Government (PPG) without a written cooperative endeavor agreement that identified the transferred met the three elements of the *Cabela's* test.

(Not Resolved – See 2019-1)

Effect – II. The Plaquemines Parish Government internal audit performed internal audit services for the District without a written CEA.

(Resolved)

B. Significant Deficiencies

None

C. Management Letter

2018-3 District vessel activity

The District utilizes the marine personnel and resources for capturing data regarding the traffic of vessels and cargo movement within the District whereby the District assesses its tariff. The District does not have written procedures regarding the responsibilities and procedures of those in the marine division with respect to tariff activities. The District should develop written procedures regarding the processes of those in the marine division with respect to tariff activities.

(Partially resolved. See item 2019-4)

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2019

C. Management Letter

2018-4 Fringe Benefits

The District charges employees personal use of a District's vehicle that are assigned to them. The charge is an annual fringe benefit charge included on the employee's W2. The District does not have a written policy regarding the steps and documentation used for the fringe benefit assessment. We recommend the District develop a written procedure regarding the fringe benefit assessment and documentation.

(Resolved)

**PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
MANAGEMENT'S CORRECTIVE ACTION PLAN
For The Year Ended December 31, 2019**

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

A. Issues of non compliance

2019-1 Cooperative Endeavor Agreement

Management's Response –. Management agrees with the finding that a cooperative endeavor agreement be developed regarding the transfer of funds for services between the agencies, we will work with the Port Board of Commissioners to resolve this repeat finding.

B. Issues of significant deficiencies

None

C. Material Weakness

None

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

Not Applicable.

Section III – Management Letter

2019-2 Budget Control Policy & Budget to Actual Discussions

Management's Response – Management agrees with the finding and will work to develop a more comprehensive budget control policy.

2019-3 Special Meals and Travel Documentation

Management's Response – Management agrees with the finding and will work to develop a more clearly defined special meals policy and required documentation.

2019-4 District Vessel Activity

Management's Response – Management agrees with the finding and will develop written procedures for the marine division in regards to capturing data for the purposes of the District's tariff in light of our ongoing project in this endeavor.

Camnetar & Co., CPAs

a professional accounting corporation

2550 Belle Chasse Highway, Suite 170, Gretna, LA 70053

504.362.2544

(Fax) 504.362.2663

Edward L. Camnetar, Jr., CPA

Orfelinda G. Richard, CPA

Jamie G. Rogers, CPA

Members: American Institute of Certified Public Accountants

Society of Louisiana Certified Public Accountants

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

We have performed the procedures enumerated below, which were agreed to by Plaquemines Port, Harbor & Terminal District (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1 through December 31, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - *Written policies and procedures were obtained and address the functions noted above.*
 - b) ***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.
 - *Written policies and procedures were obtained and address the functions noted above.*

- c) **Disbursements**, including processing, reviewing, and approving
- *Written policies and procedures were obtained and address the functions noted above.*
- d) **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).
- *Written policies and procedures were obtained and address the functions noted above.*
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- *Written policies and procedures were obtained and address the functions noted above.*
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- *Written policies and procedures were obtained and address the functions noted above.*
- g) **Credit Cards (and debit cards, fuel cards, P-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)
- *Written policies and procedures were obtained and address the functions noted above.*
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- *Written policies and procedures were obtained and address the functions noted above.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
 - *The Ethics policy does not state the requirement that all employees including elected officials annually attest through signature verification that they have read the entity's ethics policy.*
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - *Written policies and procedures were obtained and address the functions noted above.*
- k) **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.
 - *The Disaster Recovery policy does not have the following provisions: (1) periodic / verification that backups can be restored (2) use of antivirus software on all systems.*

Board or Finance Committee

THIS SECTION EXCLUDED – NO FINDINGS IN THE PRIOR YEAR

- 2. 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:
 - a) 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.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-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.*

- c) 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.

Bank Reconciliations

THIS SECTION EXCLUDED – NO FINDINGS IN THE PRIOR YEAR

- 3. Obtain a listing of client 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 selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections (excluding EFTs)

THIS SECTION EXCLUDED – NO FINDINGS IN THE PRIOR YEAR

- 4. 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).
- 5. 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 (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

- c) Each employee responsible for collecting cash is not 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.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (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). *Alternately, 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:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) 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).
 - e) Trace the actual deposit per the bank statement to the general ledger.

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

THIS SECTION EXCLUDED – NO FINDINGS IN THE PRIOR YEAR

8. 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).
9. For each location selected under #8 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, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

- b) At least two employees are involved in processing and approving payments to vendors.
- c) 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.
- d) 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.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]]

- 10. For each location selected under #8 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:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-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.
 - *Obtained listing of credit cards and the name of the person who maintained possession of the card and management's representation that the listing was complete.*
- 12. 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:
 - a) Observe that 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) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - *No exceptions noted*
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
 - *There were no finance charges and/or late fees assessed.*

13. Using the monthly statements or combined statements selected under #12 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 (i.e. each card should have 10 transactions subject to testing). 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 note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

- *No exceptions noted*

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

THIS SECTION EXCLUDED – NO FINDINGS IN THE PRIOR YEAR

14. 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, 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:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) 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 policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

THIS SECTION EXCLUDED – NO FINDINGS IN THE PRIOR YEAR

15. 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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is

complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) 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.

Payroll and Personnel

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

- *Listing of employees with their related salaries and management's representation that the listing is complete was obtained.*

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

- *No exceptions noted.*

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

- *No exceptions noted.*

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

- *No exceptions noted.*

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in

management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

- *No exceptions noted.*

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

- *Obtained management's representation that payroll taxes, retirement contributions, health insurance premiums, and worker's compensation premiums were paid and forms were filed by required deadlines.*

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

- *No exceptions noted.*

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

- *Documentation could not be obtained to demonstrate each employee/official attested through signature verification that they read the entity's ethics policy during the fiscal period.*

Debt Service

THIS SECTION EXCLUDED – NO FINDINGS IN THE PRIOR YEAR. NO DEBT ISSUED IN THE CURRENT YEAR.

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

22. 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).

Other

THIS SECTION EXCLUDED – NO FINDINGS IN THE PRIOR YEAR.

23. 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.
24. 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.

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, Louisiana
June 29, 2020



HARBOR & TERMINAL DISTRICT

June 29, 2020

Mr. Daryl G. Purpera, CPA. CFE
Legislative Auditor
State of Louisiana
P O Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

The following outlines the action to be taken by the Plaquemines Port, Harbor & Terminal District regarding the observations made to you by our auditor, Camnetar & Co., CPAs (APAC), in their report dated June 29, 2020 regarding their results of the agreed-upon procedures engagement.

MANAGEMENT'S RESPONSE TO AUP OBSERVATIONS

Ethics Policy

Management will amend, with Board approval, the current Ethics policy to include a requirement that employees, including elected officials, annually attest through signature verification that they have read District's ethics policy.

Ethics Policy Signature verification

We will devise a form to capture the annual signature attestation by employees, including elected officials, that they have read the District's ethics policy.

Disaster Recovery Policy

Management will amend, with Board approval, the Disaster Recovery policy to include the following: (1) period verification that backups can be restored. (2) use of antivirus software on all systems. Management notes these processes are in place, however not written in our policy.

Maynard "Sandy" Sanders
Executive Director