

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT**

FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

Camnetar & Co., CPAs

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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, 2017, 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 contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2017, 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 Funding Progress for Plaquemines Port, Harbor & Terminal District's Retiree Health Plan, Schedule of Employer's Proportionate Share of Net Pension Liability, and Schedule of Employer's Contribution* on pages 4 - 10 and 48 - 50 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, 2018, 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, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017
Unaudited**

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, 2017. 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 \$33,602,262 as of December 31, 2017.
- The District's net position increase by \$2,588,879 for the year ended December 31, 2017.
- The Districts' total assets increased by \$1,249,989, or approximately 2.69%, primarily due to the District receiving \$2,000,000 in option lease payments from Venture Global Plaquemines, LLC to offset the expenses associated with port development. The District's total liabilities decreased \$1,680,155 or 35.9% due to additional bond principal retirement in the amount of \$1,900,000 and a \$338,992 increase in accounts payable.

During the year, the District's total operating revenue increased \$130,761 or 2.30%, to \$5,806,728 from the prior year while operating expenses increased \$512,782 or 8.4% to \$6,585,171. The District had a loss from operations of \$778,443, which is approximately 13% of total operating revenue. This compares to the prior fiscal year's loss from operations of \$396,422, or 7% of operating revenue.

- During the fiscal year, the District's depreciation expense decreased 3.41% from prior year due to the District's communication equipment purchased in 2011 being fully depreciated in 2016.
- The District had a 10.9% increase in salaries and related expenses due to a change in executive management, continuous crewing of fire and rescue vessels, and the return of the Authority III vessels following a fire in 2016.

Overview of the Required Financial Statements

This discussion and analysis serves 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 of 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, 2017
Unaudited**

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 of 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 \$1,249,986, total liabilities decreased by \$1,680,155, total deferred outflows of resources decreased by \$376,052 and total deferred inflows of resources decreased by \$34,790.
- The net increase in assets and liabilities is attributed to the increase in option lease revenue.
- The decrease 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 anticipated differences in the net pension liability.

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017
Unaudited**

Financial Analysis of the District (continued)

**Table 1
Plaquemines Port, Harbor & Terminal District
Condensed Statements of Net Position
As of December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Assets				
Total current assets	\$ 18,980,422	\$ 23,925,366	\$ (4,944,944)	-26.1%
Capital assets - net	28,597,041	22,336,844	6,260,197	21.9%
Other non current assets	87,021	152,288	(65,267)	-75.0%
Total assets	<u>47,664,484</u>	<u>46,414,498</u>	1,249,986	2.6%
Deferred Outflows of Resources				
Deferred outflow pension	918,043	1,294,095	(376,052)	-41.0%
Liabilities				
Current liabilities	2,472,520	2,123,371	349,149	14.1%
Non-current liabilities	2,212,485	4,241,789	(2,029,304)	-91.7%
Total liabilities	<u>4,685,005</u>	<u>6,365,160</u>	(1,680,155)	-35.9%
Deferred Inflows of Resources				
Unearned ground lease revenue	10,172,305	10,181,877	(9,572)	-0.1%
Deferred inflow pension	122,955	148,173	(25,218)	-20.5%
Total deferred inflows of resources	<u>10,295,260</u>	<u>10,330,050</u>	(34,790)	-0.3%
Net Position				
Invested in capital assets, net of related debt	26,737,041	18,576,844	8,160,197	30.5%
Restricted for land fund	-	252,563	(252,563)	-100.0%
Restricted for land purchase	-	6,650,000	(6,650,000)	-100.0%
Restricted for relocation project	1,118,739	-		0.0%
Restricted for maintenance	45,850	100,100	(54,250)	-118.3%
Restricted for debt service	1,579,299	1,898,992	(319,693)	-20.2%
Unrestricted	4,121,333	3,534,884	586,449	14.2%
Total Net Position	<u>\$ 33,602,262</u>	<u>\$ 31,013,383</u>	<u>\$ 2,588,879</u>	<u>7.7%</u>

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017
Unaudited**

Financial Analysis of the District (continued)

Summary of Revenue and Expenses

During the year, the District's net position increased by \$2,588,879. 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, 2017 and 2016**

	<u>2017</u>	<u>2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenue				
Charges for services, net	\$ 5,796,959	\$ 5,675,136	\$ 121,823	2.1%
Recovery of prior bad debt	9,769	831	8,938	1075.6%
Total operating revenue	<u>5,806,728</u>	<u>5,675,967</u>	<u>130,761</u>	<u>2.3%</u>
Operating Expenses				
Salaries and related expenses	3,198,035	2,884,590	313,445	10.9%
Supplies, contract services, materials and other expenses	2,210,330	1,971,696	238,634	12.1%
Depreciation & amortization	1,176,806	1,216,103	(39,297)	-3.2%
Total operating expenses	<u>6,585,171</u>	<u>6,072,389</u>	<u>512,782</u>	<u>8.4%</u>
Operating Income (Loss)	(778,443)	(396,422)	(382,021)	96.4%
Nonoperating Revenue (Expense)				
Ad valorem tax revenue, net	1,134,560	1,502,040	(367,480)	-24.5%
Option revenue	2,000,000	1,500,000	500,000	33.3%
Lease revenue	208,751	202,832	5,919	2.9%
Grant revenue	-	500,277	(500,277)	-100.0%
Interest and investment income	8,584	4,093	4,491	109.7%
Other income	3,569	4,181	(612)	-14.6%
Gain (Loss) on disposal of assets	55,500	43,734	11,766	-
Interest expense	-	(122)	122	-100.0%
Bond interest expense	(68,257)	(129,986)	61,729	-47.5%
Inter-governmental revenue	24,615	25,162	(547)	-2.2%
Total nonoperating revenue (expense)	<u>3,367,322</u>	<u>3,652,211</u>	<u>(284,889)</u>	<u>-7.8%</u>
Change in net position	2,588,879	3,255,789	(666,910)	-20.5%
Net position - beginning of year	31,013,383	27,757,594	3,255,789	11.7%
Net position - end of year	<u>\$ 33,602,262</u>	<u>\$ 31,013,383</u>	<u>\$2,588,879</u>	<u>8.3%</u>

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017
Unaudited**

Financial Analysis of the District (continued)

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

- Operating revenue increase by \$130,761 or 2.3% due to consumer price index adjustments to rates and an increase in security fees which became effective on October 1, 2017.
- The increase in operating expenses is due primarily to the increase in salaries and related expenses of \$313,445 and increase in supplies, contract services, material and other expenses of \$238,634.
- The decrease in non-operating revenue is due to:
 - A decrease in ad valorem tax revenue of \$367,480.
 - An decrease in grant revenue of \$500,277.
 - An increase in option lease revenue of \$500,000.

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 balance 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, 2017
Unaudited**

Source of Revenue (continued)

Non-Operation

The District currently has multiple sources of non-operating revenue.

- The District receives a 1.5 mill ad valorem tax revenue on all properties located in the District dedicated to the retirement of debt.
- The District entered into a Right-of-Way lease with High Point Gas Transmission, LLC in 2016 for a pipeline right of way on Port property located in Point Celeste, Louisiana.
- 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 had a net investment increase of \$6,260,197 in net capital assets, see table below. In the fiscal year 2017, the District completed the acquisition of two parcels of land. The District also has begun working on three additional land acquisition projects during the year, increasing construction in progress by a net \$151,991.

	December 31, 2016	Additions	Deletions	December 31, 2017
Capital assets, not depreciated				
Land	\$ 10,314,557	\$7,177,406	\$ -	\$ 17,491,963
Construction in progress	194,805	127,082	(169,896)	151,991
Total capital assets, not depreciated	<u>10,509,362</u>	<u>7,304,488</u>	<u>(169,896)</u>	<u>17,643,954</u>
Capital assets, being depreciated				
Buildings	4,887,055	-	-	4,887,055
Land improvements	-	104,150	-	104,150
Improvements other than buildings	626,587	-	-	626,587
Machinery and equipment	13,011,080	132,995	-	13,144,075
Less accumulated depreciation	(6,697,240)	(1,111,540)	-	(7,808,780)
Total depreciable assets	<u>11,827,482</u>	<u>(874,395)</u>	<u>-</u>	<u>10,953,087</u>
Capital assets, net	<u>\$ 22,336,844</u>	<u>\$ 6,430,093</u>	<u>\$ (169,896)</u>	<u>\$ 28,597,041</u>

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017
Unaudited**

Debt Administration

At year end, the District had \$1,860,000 in bond indebtedness outstanding. During the year the District made scheduled principal and interest payments. The port was liable for interest expense totaling \$68,257. The District has made additional principal payments in 2015 and 2016 resulting in an earlier maturity date of April 2018.

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:

- Millage—the District adopted a 3-mill ad valorem tax on all properties located in the District beginning in 2014, which has been reduced in 2016 and 2017 to 1.5 mill, dedicated to the retirement of debt. The District will not assess a millage on the 2018 tax roll. This will cause a significant decrease in the district's nonoperating revenue.
- Debt Administration- the District's will pay its outstanding bond indebtedness on April 1, 2018. This will be the District's final payment and will lower the districts liabilities.
- Security Fees- the district increased Security Dockage Fees assessed to vessels using the District by .28% for the total dockage security fee assessed per vessel call and a .28% 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.
- Harbor & Supplemental Harbor Fees—the District made a 2% increase to the Harbor and Supplemental Harbor Fees due to the Consumer Price Index adjustment calculation.
- Grants—the District has applied for federal and state grants for various port security projects to be received in the upcoming fiscal year, 2018.
- Port Development—the District began three land acquisition projects in 2017 that is projected to be completed in 2018. The District continues to work towards its strategic mission of port development.

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, Comptroller, 8056 3rd Floor Highway 23, Belle Chasse, LA 70037.

FINANCIAL STATEMENTS

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
STATEMENT OF NET POSITION
December 31, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 5,057,384
Investments	838,769
Trade receivables, net of allowance	1,187,143
Grant receivable	109,674
Prepaid expenses	208,153
Restricted current assets	
Cash and cash equivalents	10,011,000
Investments	74,812
Ad valorem tax receivable, net of allowance	1,493,487
Total Current Assets	18,980,422

NON CURRENT ASSETS

Capital assets, net of accumulated depreciation	28,597,041
Bond acquisition costs, net of accumulated amortization	87,021
Total Non Current Assets	28,684,062

TOTAL ASSETS	\$ 47,664,484
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflow pension	\$ 918,043
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LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 421,840
Accrued expenses	65,599
Compensated absences	124,023
Other liabilities	1,058
Bond payable, current maturities of long term debt	1,860,000
Total Current Liabilities	2,472,520

NON CURRENT LIABILITIES

Net pension liability	686,281
Other post employment benefits payable	1,526,204
Total Non Current Liabilities	2,212,485

TOTAL LIABILITIES	\$ 4,685,005
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The accompanying notes are an integral part of these financial statements.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
STATEMENT OF NET POSITION (continued)
December 31, 2017

DEFERRED INFLOWS OF RESOURCES

Unearned ground lease revenue	\$ 10,172,305
Deferred inflow pension	122,955
Total Deferred Inflows of Resources	10,295,260

NET POSITION

Invested in capital assets, net of related debt	26,737,041
Restricted for relocation project	1,118,739
Restricted for maintenance	45,850
Restricted for debt service	1,579,299
Unrestricted	4,121,333
TOTAL NET POSITION	\$ 33,602,262

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, 2017

OPERATING REVENUES

Charges for services, net	\$ 5,796,959
Recovery of prior bad debt	9,769
TOTAL OPERATING REVENUES	<u>5,806,728</u>

OPERATING EXPENSES

Advertising	8,047
Amortization	65,266
Depreciation	1,111,540
Dues and subscriptions	31,715
Fuel	109,505
Insurance	314,886
Interagency service charge	206,483
Legal fees	125,977
Materials and supplies	137,650
Other office charges and supplies	63,557
Professional service fees	863,916
Rentals and leases	125,951
Repairs and maintenance	100,161
Salaries and related expenses	3,198,035
Travel	80,582
Utilities and communications	44,720
TOTAL OPERATING EXPENSES	<u>6,585,171</u>

OPERATING INCOME (LOSS)	<u>(778,443)</u>
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NON-OPERATING REVENUES (EXPENSES)

Ad valorem tax revenue, net	1,136,920
Ad valorem tax collection fees	(2,360)
Option revenue	2,000,000
Lease revenue	208,751
Interest income	8,584
Other revenue	3,569
Gain (Loss) on disposal of assets	55,500
Bond interest expense	(68,257)
Inter-governmental revenue	24,615
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>3,367,322</u>

CHANGE IN NET POSITION

	2,588,879
Total net position, beginning of year	<u>31,013,383</u>
Total net position, end of year	<u>\$ 33,602,262</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, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 5,906,099
Cash payments to employees for employee related costs	(3,005,076)
Cash payment to suppliers for operating expenses	(1,614,902)
Net cash provided (used) from operating activities	1,286,121

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Ad valorem income	1,454,179
Rent income	208,751
Miscellaneous	28,179
Ground lease	1,990,428
Net cash provided from non-capital financing activities	3,681,537

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

Proceeds from sale of assets	55,500
Purchase of capital assets	(7,371,738)
Principal paid on bond payable	(1,900,000)
Interest paid on bond payable	(68,257)
Net cash provided (used) from capital and related financing activities	(9,284,495)

CASH FLOWS PROVIDED BY INVESTING ACTIVITIES

Interest income received	8,584
Purchase of investments	(59,945)
Net cash provided by investing activities	(51,361)

Net increase (decrease) in cash and cash equivalents	(4,368,198)
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CASH AND CASH EQUIVALENTS, beginning	19,436,582
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CASH AND CASH EQUIVALENTS, ending	\$ 15,068,384
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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, 2017

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

Operating Loss	\$	(778,443)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation		1,111,540
Amortization		65,266
Bad debt expense - trade receivable		19,553
Pension expense		393,320
Post-employment benefits obligation		54,678
(Increase) Decrease in Assets:		
Trade Receivables		79,818
Prepaid Expenses		217,702
Increase (Decrease) in Liabilities:		
Compensated absences		10,541
Pension liability		(266,468)
Accounts payable and accrued expenses		378,614
Net cash flows provided by operating activities	<u>\$</u>	<u>1,286,121</u>

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

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

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, 2017

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 of Plaquemines Parish 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.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

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

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.

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.

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.

**PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

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

I. Capital Assets

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

<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, investments, and ad valorem tax receivable reported at fair value with gains and losses included in the consolidated statements of revenues and expenses. 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, 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.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

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

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.

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 and sick leave are 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, 2017, employees have accumulated and vested \$124,023 of annual leave benefits, which is recorded as a current liability.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

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

Q. Other Post-Employment Benefits

GASB Statement No. 45. *Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pensions*, requires governments to accrue postemployment benefits to the extent it is probable the employer will provide benefits conditioned on the employees' retirement. The District has recorded liabilities for postemployment benefits in the amount of \$1,526,204 as of December 31, 2017.

The postemployment benefit obligation is recorded as a long term liability and recorded as an other salaries and employee expense.

NOTE 2 – CASH AND CASH EQUIVALENTS

At December 31, 2017, the District has cash and cash equivalents (book balances) totaling \$15,068,384 as follows:

<u>Components of Cash & Cash Equivalents</u>	<u>Amount</u>
Unrestricted	
Demand deposits	\$ 3,892,795
Total unrestricted cash	3,892,795
Restricted	
Designated for land purchase	1,118,739
Designated for land maintenance	45,850
Ad valorem tax	11,000
Land acquisition phase I	10,000,000
Total restricted cash	11,175,589
Total amount of Cash & Cash Equivalent	\$ 15,068,384

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, 2017**

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, 2017, the District had \$6,094,691 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 \$14,931,110 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, 2017, the District had no noncash investing and financing transactions.

NOTE 3 – INVESTMENTS

At December 31, 2017, the District investments totaled \$913,582 as follows:

<u>Components of Investments</u>	<u>Interest Rate</u>	<u>Market Value</u>	<u>Cost</u>	<u>Percentage of Investment</u>
Unrestricted				
Louisiana Asset Management Pool	Various	\$ 838,769	\$ 838,769	91.8%
Total unrestricted investments		<u>838,769</u>	<u>838,769</u>	<u>91.8%</u>
Restricted				
Regions / Fidelity Investments	Various	74,812	74,812	8.2%
Total restricted investments		<u>74,812</u>	<u>74,812</u>	<u>8.2%</u>
Total amount of Investments		<u>\$ 913,581</u>	<u>\$ 913,581</u>	

Louisiana Asset Management Pool

The District’s investments in the Louisiana Asset Management Pool (LAMP) total \$838,769 at December 31, 2017. 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.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 – INVESTMENTS (continued)

Louisiana Asset Management Pool (continued)

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.

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.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.

Fidelity Investments

The District's restricted investments held at Regions Bank are investments in the Fidelity Institutional Money Market Treasury Portfolio Class III. The District's deposits totaled \$74,812. These deposits are stated at cost. This investment represents 8.1% of the District's total investments at the year ended December 31, 2017. Fidelity Institutional Money Market Treasury Portfolio Class III normally has invested at least 80% of its assets in U.S. Treasury securities and repurchase agreements for those securities. The Fidelity Institutional Money Market Treasury Portfolio Class III has a AAA credit rating.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 – INVESTMENTS (continued)

As a condition of the paying agent agreement for the revenue bond issued in 2013, the funds held in the Project Fund, the Capitalized Interest Fund, and the Bond Proceeds Fund shall be invested by the paying agent as directed by the District in qualified investments. These investments are held at Regions Bank. Qualified investments are specified in Louisiana R.S. 33:2955. This statute allows the District to invest in mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consistent solely of and limited to securities of the United States government or its agencies.

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, 2017, 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. The investments held are uncollateralized.

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. The investments held at Regions Bank at December 31, 2017, will mature in less than one year.

NOTE 4 – PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. These items, totaling \$208,153 primarily include insurance premiums, membership dues, and technical service software support for upcoming years.

NOTE 5 – TRADE RECEIVABLE

The District's trade receivable account totaled \$1,358,204 for the year ended December 31, 2017. The District's cumulative allowance for doubtful accounts was \$171,061 at year end which resulted in a net trade receivable of \$1,187,143 for the year ended December 31, 2017.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 – TRADE RECEIVABLE (continued)

An allowance for uncollectible accounts is estimated and recorded based upon the District's historical experience. For the year ended December 31, 2017, the District recorded bad debt expense related to trade receivables of \$19,553.

NOTE 6 - AD VALOREM TAX RECEIVBLE 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.

Property tax calendar

The District's tax is to be levied and collected for duration of five (5) years beginning January 1, 2014. The ad valorem taxes are levied in October of each year on the assessed value of property within the District as determined by the assessor of Plaquemines Parish. Taxes are due and payable by December 31 and an enforceable lien attaches to the property on January 1. The taxes are collected on behalf of the District by the Plaquemines Parish Sheriff and then remitted to the District.

Ad valorem tax revenue

Based on the Plaquemines Parish 2017 Tax Roll the District's 2017 tax assessment was \$1,518,213. In 2017, the District recorded a 2% allowance for uncollectible tax revenue totaling \$30,364 for the 2017 assessment. This resulted in the District recognizing a net ad valorem tax revenue of \$1,487,849 for the 2017 assessment. In addition, as described in Note 21 – Change in Accounting Estimate, the District revised the allowances for uncollectible ad valorem for the prior assessment years 2014, 2015, and 2016. This resulted in an additional bad debt expense of \$350,929, therefore the net ad valorem tax revenue for the current fiscal year is \$1,136,920.

Ad valorem tax receivable

Ad valorem tax receivable account totaled \$2,027,860 for the year ended December 31, 2017. The District's cumulative allowance for uncollectible receivables was \$534,373 at year end which resulted in a net ad valorem tax receivable of \$1,493,487 for the year ended December 31, 2017. The District collects most of the ad valorem taxes in January and February of the preceeding year.

For the year ended December 31, 2017, the District received \$1,456,539 in ad valorem tax collections, which includes \$29,325 of 2014-2015 protest tax settlements and \$487 of the 2017 assessment; the remaining \$1,426,727 collected represents 2016 assessment.

The amounts collected from the ad valorem tax levy are restricted for the purpose of paying the bond payable described in Note 14 – Bond Payable.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 7 – GRANT RECEIVABLE

In 2012 the Plaquemines Parish Government filed a PW with FEMA on behalf of the District in regards 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, 2017, is \$109,674.

NOTE 8 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2017, is as follows:

	December 31, 2016	Additions	Deletions	December 31, 2017
Capital assets, not depreciated				
Land	\$ 10,314,557	\$7,177,406	\$ -	\$ 17,491,963
Construction in progress	194,805	127,082	(169,896)	151,991
Total capital assets, not depreciated	<u>10,509,362</u>	<u>7,304,488</u>	<u>(169,896)</u>	<u>17,643,954</u>
Capital assets, being depreciated				
Buildings	4,887,055	-	-	4,887,055
Land improvements	-	104,150	-	104,150
Improvements other than buildings	626,587	-	-	626,587
Machinery and equipment	13,011,080	132,995	-	13,144,075
Less accumulated depreciation	<u>(6,697,240)</u>	<u>(1,111,540)</u>	<u>-</u>	<u>(7,808,780)</u>
Total depreciable assets	<u>11,827,482</u>	<u>(874,395)</u>	<u>-</u>	<u>10,953,087</u>
Capital assets, net	<u>\$ 22,336,844</u>	<u>\$ 6,430,093</u>	<u>\$ (169,896)</u>	<u>\$ 28,597,041</u>

Depreciation charged for the year ended December 31, 2017, was \$ 1,111,540.

Land Purchase

On October 27, 2016, the District adopted Ordinance #16-117, approving a purchase agreement dated September 15, 2016, for Executive Director Maynard Sanders to purchase certain land owned by Woodland Borrow Pitts, LLC. The land is contiguous to the property already owned by the District. The purchase price reflected in the purchase agreement \$7,305,160, the fair market value reflected in appraisals. The District approved the appropriation for the purchase by transferring \$5,000,000 from the District’s restricted land fund and \$2,400,000 from the unreserved fund. The District is authorized to replenish the \$5,000,000 funding appropriated from the land fund upon recognition of advance rent payment as lease revenue from the ground lease agreement with Venture Global Plaquemines LNG, LLC.

The purchase agreement required a \$750,000 deposit within 72 hours of the approval by Port Commissioners. On October 28, 2016, the District paid the deposit, which is reflected as an addition to Land as of December 31, 2016. On January 4, 2017, the District completed the purchase and made the final payment of \$6,582,343 including \$27,183 in settlement charges for a total gross amount of \$7,332,343.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 8 – CAPITAL ASSETS (continued)

Land Expropriation

In 2017, the District adopted Ordinance #17-16 authorizing Maynard Sanders, Executive Director, to have the District's legal counsel file a petition pursuant to the Louisiana Constitution, LA R.S. 19:2, et seq., as well as all other applicable laws, and to expropriate via a "taking", of land owned by Carolyn and Frederick Willhoft, Jr., or their successor(s). The "taking" of the property is both necessary and useful for the purposes for which the District was created. On March 2, 2017, the petition for expropriation was filed with the Twenty-Fifth Judicial District Court for the Parish of Plaquemines.

A formal appraisal of the property was conducted. The appraised value of the property was stated to be \$437,000. In March 2017, the District deposited \$437,000 with the court for the land cost. The total purchase price including settlement, legal, and other acquisition cost was \$595,061.

NOTE 9 – ACCRUED EXPENSES

Certain payments to vendors have been accrued in the account as they relate to 2017 activity. These payments will be made following the year end December 31, 2017. The amount of accrued expenses at year end December 31, 2017, was \$65,599.

NOTE 10 – POST EMPLOYMENT BENEFITS

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.

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 the spouse.

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

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 10 – POST EMPLOYMENT BENEFITS (cContinued)

Contribution Rates – Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy – The District implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution – The District’s Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the amount employers must contribute annually to account for the benefits earned during the year (the normal cost). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	<u>2017</u>	<u>2016</u>
Normal cost	\$ 52,181	\$ 49,696
Amortization for unfunded accrued liability	32,666	30,303
Interest on amortization	647	600
Annual Required Contribution (ARC)	<u>\$ 85,494</u>	<u>\$ 80,599</u>

Net Post-employment Benefit Obligation – The table below shows the District’s Net Other Post-employment Benefit (OPEB) Obligation for the 2017 fiscal year:

	<u>2017</u>	<u>2016</u>
Beginning Net OPEB Obligation	\$ 1,471,526	\$ 1,423,233
Annual required contribution	85,494	80,599
Interest on net OPEB obligation	58,861	56,929
ARC Adjustment	<u>(66,644)</u>	<u>(64,457)</u>
Annual OPEB cost	77,711	73,071
Annual benefit payment	<u>(23,033)</u>	<u>(24,778)</u>
Increase in net OPEB obligation	<u>54,678</u>	<u>48,293</u>
Ending Net OPEB obligation	<u>\$ 1,526,204</u>	<u>\$ 1,471,526</u>

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 10 – POST EMPLOYMENT BENEFITS (continued)

The following table shows the District’s annual post-employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post-employment benefits (PEB) liability for last year and this year:

	<u>2017</u>	<u>2016</u>
Annual OPEB Cost	\$ 77,711	\$ 73,071
Employer Contribution, annual benefit payment	(23,033)	(24,778)
Contribution Deficiencies	<u>\$ 54,678</u>	<u>\$ 48,293</u>
Percentage Contributed	29.6%	33.9%
Ending Net OPEB obligation	<u>\$ 1,526,204</u>	<u>\$ 1,471,526</u>

Funded Status and Funding Progress – In 2017, the District made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the December 31, 2017, actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2017, was \$735,571 which is defined as the portion of each participant’s present value of future benefits that has been accrued to date. It is the sum of all prior normal costs, had the normal costs been calculated according to the assumptions and data used in the most recent valuation.

	<u>2017</u>	<u>2016</u>
Actuarial accrued liability (AAL)	\$ 735,571	\$ 682,362
Actuarial value of plan (AVP)	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 735,571</u>	<u>\$ 682,362</u>
Funded ratio (Assets/AAL)	0%	0%
Covered payroll	\$ 1,994,138	\$ 1,939,144
UAAL as a % of covered payroll	36.9%	35.2%

Actuarial Methods and Assumptions – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the District and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the District and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the District and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

**PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

NOTE 10 – POST EMPLOYMENT BENEFITS (continued)

Actuarial Cost Method – The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets – There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45, would be used.

Turnover Rate – An age-related turnover scale based on years of service has been used. The rates and years of service used for each are below:

<u>Years of Service</u>	<u>Rate</u>
0	25%
1	21%
2	15%
3	12%
4	10%
5	9%
6	8%
7	7%
8	6%
9	5%
10 or 11	4%
12 or 13	3%
14 through 19	2%
20 or more	1%

Post-employment Benefit Plan Eligibility Requirements – It has been assumed that entitlement to benefits will commence after the earliest eligibility date to retire. For those employed: 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. Entitlement to benefits continues through Medicare to death.

Investment Return Assumption (Discount Rate) – GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

**PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

NOTE 10 – POST EMPLOYMENT BENEFITS (continued)

Health Care Cost Trend Rate – The expected rate of increase in medical cost is based on a graded schedule beginning with 9% annually, down to an ultimate annual rate of 5.0% over a period of eight years. Dental and vision claims are expected to increase 5.0% per year. Life insurance premiums are expected to increase 3.0% per year.

Mortality Rate – The RP-2000 Combined Mortality Table – fully generational (projections used Scale BB), with separate rates for males and females.

Method of Determining Value of Benefits – The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid.

Below is a summary of OPEB cost and contributions for the last three fiscal calendar years:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual OPEB Cost	\$ 77,711	\$ 73,071	\$204,959
Contribution to plan	-	-	-
Annual benefit payment	<u>23,033</u>	<u>24,778</u>	<u>11,511</u>
Total contribution and annual benefit payment	<u>23,033</u>	<u>24,778</u>	<u>11,511</u>
Change in net OPEB Obligation	<u>\$ 54,678</u>	<u>\$ 48,293</u>	<u>\$193,448</u>
% of contribution to plan to annual OPEB cost	0%	0%	0%
% of total contribution and annual benefit payment to annual OPEB cost	29.6%	33.9%	5.6%

NOTE 11 - INTERAGENCY SERVICE CHARGE

In 2017, the District paid \$206,483 to the Plaquemines Parish Government for administrative services provided through Parish departments. These services included Civil Service, Plaquemines Parish Council, Plaquemines Parish Council Secretary, 911 Operations, Plaquemines Parish Courier, and Plaquemines Parish Telecommunications based on percentage of use on total budget.

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, 2017**

NOTE 12 – PENSION PLAN

Plan Description

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

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

For the year ended December 31, 2016, there were 235 contributing employers in Plan A and 57 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	7,050	792	7,842
Inactive plan members entitled to but not yet receiving benefits	8,032	1,746	9,778
Active members	<u>14,330</u>	<u>2,415</u>	<u>16,745</u>
Total Participating as of the Valuation Date	<u><u>29,412</u></u>	<u><u>4,953</u></u>	<u><u>34,365</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, 2016. Access to the report can be found on the Louisiana Legislative Auditor's website, www.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.

**PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

NOTE 12 – PENSION PLAN (continued)

Retirement Benefits

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

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) years or more of creditable service
2. Age 55 with twenty five (25) years of creditable service
3. Age 60 with a minimum of ten (10) years of creditable service
4. Age 65 with a minimum of seven (7) years of creditable service

For employees hired after January 1, 2007:

1. Age 55 with thirty (30) years of service
2. Age 62 with ten (10) years of service
3. Age 67 with seven (7) years of service

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

**PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

NOTE 12 – PENSION PLAN (continued)

Deferred Retirement Option Plan (DROP) (continued)

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

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

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

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

Cost of Living Adjustments

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

Contributions

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

**PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

NOTE 12 – PENSION PLAN (continued)

Contributions (continued)

According to State statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2016, the actuarially determined contribution rate was 10.52% of member’s compensation for Plan A and 7.20% of member’s compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2016 was 13.0% for Plan A and 8.00% for Plan B.

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

Administrative costs of PERS are financed through employer contributions.

The District’s employer and employee contributions to PERS for the measurement date fiscal year ended December 31, 2016 were as follows:

Source	Contribution Amount	Covered Payroll	Percent of Covered Payroll
Employee	\$ 184,034	1,976,205	9.5%
Employer	256,907	1,976,205	13.0%
	\$ 440,941		

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

At December 31, 2017, the District reported a liability of \$686,281 for its proportionate share of the PERS Net Pension Liability (NPL). The NPL for PERS was measured as of December 31, 2016, and the total pension liability used to calculate the NPL was determined based on an actuarial valuation as of that date. The District’s proportion of the NPL was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contribution of all participating employers, actuarially determined. As of December 31, 2016, the most recent measurement date, the District’s proportion was 0.333225%, a decrease of 0.012582 % from the December 31, 2015, proportion.

**PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

NOTE 12 – PENSION PLAN (continued)

For the year ended December 31, 2017, the District recognized a total pension expense of \$406,928. This amount was made up of the following:

<u>Components of Pension Expense</u>	<u>Amount</u>
District's pension expense per the PERS	\$ 406,307
District's amortization of actual contributions over its proportionate share of contribution	621
Total Pension Expense Recognized by the District	<u>\$ 406,928</u>

At year end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 120,093
Differences between projected and actual investment earnings	532,581	-
Change in assumptions	130,294	-
Change in proportionate share of the NPL	6	2,862
Differences between the District's contributions and its proportionate share of contributions	(298)	-
District's contributions subsequent to the December 31, 2015 measurement date	255,460	-
	<u>\$ 918,043</u>	<u>\$ 122,955</u>

Deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date in the amount of \$255,460 will be recognized as a reduction of the PERS NPL in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ended December 31,</u>	<u>Amount of Amortization</u>
2017	\$ 200,377
2018	213,871
2019	140,069
2020	(14,391)

**PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

NOTE 12 – PENSION PLAN (continued)

Actuarial Assumptions

The current year actuarial assumptions utilized for this report are based on the assumptions used in the December 31, 2016 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 as of December 31, 2016, are as follows:

Description	Assumptions / Methods
Valuation Date	December 31, 2016
Actuarial Cost Method	Plan A & B - Entry Age Normal
Investment Rate of Return	7.00% (Net of investment expense), including inflation
Expected Remaining Service Lives	4 years
Projected Salary Increases	Plan A & B - 5.25% (2.75% Merit / 2.50% Inflation)
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	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Mortality Tables were selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

The Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.66% for the year ended December 31, 2016.

**PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

NOTE 12 – 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, 2016 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed income	35%	1.24%
Equity	52%	3.63%
Alternatives	11%	0.67%
Real assets	2%	0.12%
Totals	100%	5.66%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.66%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the PERS’s liabilities.

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for Plan A and 7.00% 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, 2017**

NOTE 12 – PENSION PLAN (continued)

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

The following presents the District's proportionate share of the NPL using the current discount rate of 7.00%, as well as what the District's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage higher than the current rate.

	Changes in Discount Rate 2016		
	1% Decrease	Current	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
District's Proportionate Share of the Net Pension Liability	\$ 2,052,943	\$ 686,281	\$ (469,273)

Pension Plan Fiduciary Net Position

The components of the net position liability of PERS employers as of December 31, 2016, are as follows:

	Plan A	Plan B
Total Pension Liability	\$ 3,519,868,332	\$ 288,746,752
Plan Fiduciary Net Position	<u>3,313,917,014</u>	<u>275,756,021</u>
Net Pension Liability	<u>\$ 205,951,318</u>	<u>\$ 12,990,731</u>

Detailed information about PERS's fiduciary net position is available in the separately issued December 31, 2016 financial report. This report can be found on the Louisiana Legislative Auditor's website (www.la.la.gov) in the database of reports.

Payables to the Pension Plan

At December 31, 2017, the District had \$108,694 in payables to PERS for the fourth quarter 2017 employee (\$46,447) and employer (\$62,247) 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, 2016 measurement date.

**PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

NOTE 13 – DEFERRED INFLOWS OF RESOURCES

The components of deferred inflows of resources are as follows:

Venture Global Plaquemines LNG, LLC	\$	10,000,000
Highpoint Gas Transmission, LLC		172,305
Total Deferred Inflows of Resources		\$ 10,172,305

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 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.

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. The District did not receive an advance rent payment in 2017 due Ordinance #17-119 describe in Note 11- Deffered Inflows of Resources.

At December 31, 2017 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 Port. The payments are allowed for acquiring property. If the District chooses not to 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.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 13 – DEFERRED INFLWS OF RESOURCES (continued)

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, 2017 the District recognizes \$172,305 in unearned lease revenue.

NOTE 14 – BOND PAYABLE

Bond Payable

In 2013, the District issued a revenue bond to be used to: finance capital improvements, fund a debt service reserve fund or pay premium for debt service, fund capitalized interest on the bonds, and pay the costs of issuing the bonds including premium for bond insurance.

The bond issuance costs are reported in the Statement of Net Position as Bond Acquisition Costs. The bond issuance costs are amortized over the 5 year bond service schedule. Amortization expense for the year ended December 31, 2017 was \$65,266. The unamortized portion of the bond issuance cost at December 31, 2017, is \$87,021.

The District has a revenue bond outstanding at December 31, 2017, totaling \$1,860,000 with maturity date of April 1, 2018, and an interest rate of 2.420%. Total principal paid in 2017 was \$1,900,000. Total interest paid in 2017 was \$68,257. Bond principal due in the next fiscal year is \$1,860,000 and interest payable in the next fiscal year is \$22,506.

The payments of principal and interest on the revenue bond payable are made from the collection of ad valorem taxes which were assessed at 1.5-mills in 2017, which is described in Note 6 – Ad valorem Tax Revenue and Receivable. The collection of the ad valorem taxes are restricted for servicing the revenue bond payable.

Interest payment of \$68,257 was paid in 2017 from a restricted capitalized interest fund.

**PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

NOTE 14 – BOND PAYABLE (continued)

Changes In Long Term Debt

Noncurrent liabilities activity for the year ended December 31, 2017 is as follows:

	December 31, 2016	Additions	Reductions	December 31, 2017	Due within One Year
OPEB	\$ 1,471,526	\$ 54,678	\$ -	\$ 1,526,204	\$ -
Pension Liability	910,263	-	(223,982)	686,281	-
Bond Payable	3,760,000	-	(1,900,000)	1,860,000	1,860,000
Total Long Term Debt	\$ 6,141,789	\$ 54,678	\$(2,123,982)	\$ 4,072,485	\$ 1,860,000

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, 2017 is described below:

Balance, January 1, 2017	\$ 252,563
Additions:	
Current year restriction, 20% set aside	1,163,302
Additional current year restriction	397,385
Reductions:	
Land purchases - expropriation	(580,000)
Relocation project	(1,233,250)
Balance, December 31, 2017	<u>\$ -</u>

Land Purchase

On February 23, 2017 the District adopted ordinance #17-16 to set aside \$460,000 of the restricted land fund for the expropriation of land located within the district for the purpose of port development. Ordinance #17-120 appropriated an additional \$120,000 for the settlement cost associated with the expropriation approved through ordinance #17-16. The details of the land purchase can be found in Note 8- Capital Assets.

Relocation Project

In December 2017, the District also appropriated \$1,233,250 of the restricted land fund for an additional land purchase involving relocating a business for the purpose of port development. At December 31, 2017 the District had only expended \$114,511 of the funds set aside for the relocation project. The available balance at December 31, 2017, was \$1,118,739.

**PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

NOTE 15 - RESTRICTED NET POSITION (continued)

Port maintenance – drainage project

During the year 2016, the District approved spending of \$150,000 from the Land Fund for a 5-year capital improvement drainage project. In 2016, expenditures totaled \$49,900. At December 31, 2017 the District disbursed \$54,250 of the funds set aside for the project. The available project balance at December 31, 2017 was \$45,850.

Debt Service

The temporarily restricted for debt service fund balance at December 31, 2017, represents the following:

	2017
Cash and cash equivalent	\$ 11,000
Investments for bond debt service	74,812
Ad valorem tax receivable	1,493,487
Total	\$ 1,579,299

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, 2017, can be categorized as follows:

<u>Description</u>	<u>Amount</u>
Security - Harbor	\$ 113,130
Security - Cargo	2,361,299
Harbor Fee	750,029
Docking Fee	533,734
Supplemental Harbor Fee	2,057,894
Minimum Charges	426
Less: Allowance for Bad Debts	(19,553)
Total Service Revenue	\$ 5,796,959

**PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

NOTE 17 – LEASE REVENUE

Lease revenue for the year ended December 31, 2017, is made up of the following:

Warehouse and dock	\$ 193,260
Property	<u>15,491</u>
Total lease revenue	<u><u>\$ 208,751</u></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. 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 2017 is \$193,260. Future minimum rental income for this lease is \$193,260 for 2017.

The following is a schedule of future minimum rental income for non-cancelable operating revenue leases as of December 31, 2017:

<u>Year Ended December 31, 2017</u>	
2018	193,260
2019	193,260
2020	202,923
2021	202,923
Thereafter	<u>\$ 753,684</u>
	<u><u>\$ 1,546,050</u></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.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 17 – LEASE REVENUE (continued)

Lease revenue- JLH Contracting

On January 14, 2017 the District purchased land that included an assignment of lease that was entered into by the previous land owner with JLH Contracting, LLC. The lease was for the sole purpose of a truck and equipment parking, maintenance and repair facility and office site. The lease covered a premises located at 21140 Highway 23 in Port Sulphur, Louisiana being a portion of the property known as Tract F located adjacent to Point Celeste Road and havin a depth of approximately 800 feet measured from property line adjacent to LA 23.

The lessee agreed to pay \$500 per month on the 1st day of each month. The lease began on June 1, 2016 and was transferred to the Port on January 4, 2017. The lease was automatically renewed from month to month. Lease revenue for 2017 is \$5,920. The lease was terminated on March 23, 2018 leaving \$1,500 of rent receivable for this lease. The receivable was offset by an allowance for uncollectible due the the lease termination.

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 2017, the District recognized office space rent expense of \$70,800 and rent expense for land of \$12,000.

Property

On January 1, 2010, the Plaquemines Parish Government entered into a written lease agreement with an unrelated party for the purposes of ferry boat docking, operations, parking and any public purpose. The consideration for the lease of this property is at the annual rate of \$17,217, 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 January 1, 2010, and ending December 31, 2010. The written agreement includes monthly payments of \$717 per month from the Port. The lease includes an annual automatic renewal provision.

**PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

NOTE 18 – OPERATING LEASES (continued)

Property(continued)

Resolution #17-179 authorized Plaquemines Parish Government to enter into a new lease agreement with Equiland, Inc effective August 4, 2017. The resolution allowed the District to continue using a portion of the leased area for its operation. The District agreed to pay one-half of the new lease with Equiland, Inc. The annual lease amount is \$25,500. The new monthly payments beginning August 4, 2017, is \$1,063.

In 2017, the District recognized property rent expense of \$10,334.

The following is a schedule of future minimum lease payments for non-cancelable operating leases as of December 31, 2017:

<u>Year Ended December 31,</u>	<u>Amount</u>
2018	\$ 95,556
2019	95,556
2020	95,556
2021	12,756
	<u>\$ 299,424</u>

NOTE 19 – 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 20 – 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.

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 20 – RELATED PARTY TRANSACTIONS (continued)

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

The interagency service charge described in Note 11 – 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 Courier, Plaquemines Parish Telecommunications is based on percentage of use of total budget.

NOTE 21 - CHANGE IN ACCOUNTING ESTIMATE

A change in accounting estimate shall be accounted for in the period of change. During the fiscal year 2017, the allowance for uncollectibles for the District's ad valorem tax receivable prior years was increased to reflect accuracy of historical data. Evidence through historical data shows the need to increase the allowance for uncollectible ad valorem tax for the years of 2014-2016. The allowance account was increased by \$350,929 to reflect a more reasonable estimation of uncollectibles.

NOTE 22 – SUBSEQUENT EVENTS

On February 22, 2018, the District adopted Ordinance #18-19 for the acquisition of land. The ordinance authorized and directed the District's Executive Director to negotiate and acquire the land owned by Richard Waldner. The acquisition shall be for a purchase price of \$300,000 for the transfer of ownership of the land at Tract 1A and 2, currently owned by Mr. Waldner, to the District. The District will lease the property to Mr. Waldner on a short-term basis for \$250 per month.

REQUIRED SUPPLEMENTAL INFORMATION

**PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR PLAQUEMINES PORT
HARBOR & TERMINAL DISTRICT'S RETIREE HEALTH PLAN
For The Year Ended December 31, 2017**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as of Percentage of Covered Payroll ((b-a)/c)
1/1/2013	-	\$ 1,242,302	\$ 1,242,302	0.0%	\$ 453,518	273.9%
1/1/2014	-	1,451,012	1,451,012	0.0%	467,124	310.6%
1/1/2015	-	1,663,519	1,663,519	0.0%	481,138	345.7%
1/1/2016	-	682,362	682,362	0.0%	1,939,144	35.2%
1/1/2017	-	735,571	735,571	0.0%	1,994,138	36.9%

Only five years of trend information is available for presentation due to 2013 being the first year for for implementation of Government Standards Board (GASB) Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* .

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
Year Ended December 31, 2016*

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%

*The amounts presented have a measurement date of December 31, 2015.

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, 2017

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	\$ -	\$ 1,976,205	13.0%

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, 2017**

Agency Head: Maynard Sanders

Purpose	Amount
Salary	\$ 185,361
Benefits-Insurance	25,914
Benefits-Retirement	26,877
Vehicle-Fuel	2,802
Vehicle-Fringe Benefits	872
Data/Wireless-Benefits	2,959
Reimbursements	750
Parking	1,284
Travel	30,900
Conferences	4,775
Special Meals	978
	<u>\$ 283,472</u>

COMPLIANCE AND INTERNAL CONTROL SECTION

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

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, 2017, 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, 2018.

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 and therefore, material weakness or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. See 2017-1

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

In addition, we noted certain matters that we reported to the management of the District on a separate letter dated June 29, 2018.

The District's Response to Finding

The District's response to the finding 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, 2018

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2017

We have audited the financial statements of the Plaquemine Port, Harbor & Terminal District as of and for the year ended December 31, 2017, and have issued our report thereon dated June 29, 2018. 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, 2017, 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, 2017, and therefore is exempt from the audit requirements under the Single Audit and the Uniform Guidance.

Section II Financial Statement Findings

A. Issues of Noncompliance

None

B. Significant Deficiencies

2017-1 Control Over Electronic Funds Disbursements for Accounts Payable

Criteria

The District is to maintain internal control over disbursements for vendor payments.

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Year Ended December 31, 2017

Section II Financial Statement Findings (continued)

B. Significant Deficiencies (continued)

2017-1 Control Over Electronic Funds Disbursements for Accounts Payable
(continued)

Condition

During the year ended December 31, 2017, the District changed the process of paying their credit card statement from check to automatic bank draft. The District's written accounting procedures do not address automatic drafts or payment of electronic funds transfer for cash disbursements in the accounts payable process.

Cause

The District was approached by their financial institution to enhance the process by which they pay for its travel card and purchasing card statements to prevent any late fees or interest charges by having the monthly statement balance automatically debited from the District's bank account.

Effect

For the fiscal year, 7 out of 12 of the monthly purchasing card and ravel card statements do not show evidence of approval authorization as required by the procedures for disbursements paid by check. The written procedures regarding cash disbursements for checks were inconsistently applied to electronic disbursements of funds.

The District's written procedures require approval by the Port's Chairman or Vice-Chairman for monthly travel card statements greater the \$5,000. For the fiscal year, 7 travel statements exceeded the amount. None of the statements that exceed \$5,000 show evidence of approval by the Port's Chairman or Vice-Chairman.

Recommendation

We recommend the District adopt written procedures regarding electronic funds payment of accounts payable disbursements.

We recommend the District evaluate the current procedures regarding approval of travel card statements to ensure the proper approval of these transactions as outlined in the current policy.

Management's Response

Management's response can be found in the Management's Corrective Action Plan on page number 60.

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Year Ended December 31, 2017

Section II Financial Statement Findings (continued)

C. Material Weakness

None

D. Management Letter

2017-2 Internal Auditing Procedure Implementation and Execution

Condition

In August 2017, the Port Commission adopted Resolution 17-204 to add an internal auditing procedure to the District.

The newly adopted internal auditing procedure provided for the following:

- a. A Cooperative Endeavor Agreement (CEA) between the District and the Plaquemines Parish Government (PPG) for the internal auditing process and guidelines.
- b. A procedure of approval by the PPG Internal Auditor of employee reimbursements prior to payment by the District.
- c. A procedure of the review of each transaction of the District's travel card statements by the PPG internal Auditor and communication to the District's Comptroller for any noncompliance found.

The newly adopted written internal auditing procedures were not consistently implemented.

An examination of the District's general ledger for employee reimbursements incurred after the adoption of the resolution, indicates only 1 out of 7 were approved by the PPG Internal Auditor.

An examination of the District's general ledger for travel card payments incurred after the adoption of the resolution, indicates none were examined per the written procedures by the PPG Internal Auditor.

Inquiry of the District's comptroller and the PPG Internal Auditor shows no evidence of an executed CEA that contemplates the internal auditing process.

Inquiry of the District's comptroller and the PPG Internal Auditor discovered an intent and action by both parties to perform an internal audit prescribed by *International Standards for the Professional Practice of Internal Auditing* and not those internal auditing procedures prescribed by the adopted resolution.

**PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Year Ended December 31, 2017**

Section II Financial Statement Findings (continued)

D. Management Letter (continued)

2017-2 Internal Auditing Procedure Implementation and Execution (continued)

Recommendation

We recommend the District have a Cooperative Endeavor Agreement with the Plaquemines Parish Government for the services of the internal auditor.

We recommend Management evaluate the current written procedure provided for in the resolution and ensure implementation or modification, with Port Commission approval, the internal auditing procedure to ensure compliance.

Management's Response

Management's response can be found in the Management's Corrective Action Plan on page number 60.

2017-3 Travel Card Expenses

Condition

In the normal course of executing of the Port's mission by the Executive Director and the Deputy Director, travel cards are necessary for flights, travel and meal charges. The District's travel card procedure requires a quarterly reconciliation of travel card expenses and executive management expense reimbursements. This procedure ensures that no funds of the District are expended for non-reimbursable business expenses and unallowable charges. The procedure states there will be no encumbrance on the District for allowable business expenses not provided for by a receipt. The procedure allows for the deduction of any funds due to the District after this quarterly reconciliation from the employee's paycheck.

The process of reconciling travel card transactions to supported receipts and to the executive management's expense reimbursement to determine any reimbursement due to the District is not executed in a timely manner. Receipts turned in by employees for charges on the travel card for non-reimbursable business expenses were documented as "personal" by the employees, acknowledging reimbursement due to the District.

The first quarter travel card statements were reconciled in the second quarter of the fiscal year ended December 31, 2017, and any reimbursement due to either the District or the executive management staff was not made until the end of the second quarter of the fiscal year.

**PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Year Ended December 31, 2017**

Section II Financial Statement Findings (continued)

D. Management Letter (continued)

2017-3 Travel Card Expenses (continued)

The 2017 first quarter travel card statement reconciliation showed a reimbursement due to the District that was not transacted until the August 4, 2017, payroll in the amount of \$205.75.

The 2017 second quarter reconciliation showed a reimbursement due to employees that was not transacted until January 2018, in the amount of \$812.24.

The 2017 third quarter reimbursement due to the District of \$679.26 was netted against the 2017 fourth quarter reimbursement due to the employees of \$1,258.43. The net due to the employees was paid to them in April 2018, in the amount of \$579.17.

Recommendation

We recommend the District evaluate their procedures to ensure the timely payment of reimbursements due to either the District or the executive management staff.

Management's Response

Management's response can be found in the Management's Corrective Action Plan on page number 60.

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, 2017

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

None.

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

None.

Section III – Management Letter

None.

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
MANAGEMENT'S CORRECTIVE ACTION PLAN
For The Year Ended December 31, 2017

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

A. Issues of non compliance

None.

B. Issues of significant deficiencies

2017-1 Control Over Electronic Funds Disbursements for Accounts Payable

Management's Response

Management recognizes the written procedures do not adapt to the change in disbursement processing. Management will present to the Port Commission written procedures that account for electronic disbursement of funds to ensure proper approval is obtained.

B. Material Weakness

None.

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

Not Applicable.

Section III – Management Letter

2017-2 Internal Auditing Procedure Implementation and Execution

Management's Response

We agree with the recommendation and will seek a Cooperative Endeavor Agreement with Plaquemines Parish Government. We will evaluate the internal auditing procedure to ensure compliance.

2017-3 Travel Card Expenses

Management's Response

We agreed with the recommendation and will evaluate the implementation of the current procedures and if necessary, modify those, with Port Commission approval to ensure timely reimbursement of funds to either the District or the executive management staff.

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Port 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 the Board of Port Commissioners of the Plaquemines Port, Harbor, & Terminal District (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. 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 the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- 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**, including receiving, recording, and preparing deposits

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, and (5) monitoring card usage

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. Note: Ethics requirements are not applicable to nonprofits.

Written policies and procedures were obtained and do not identify the prohibitions cited in (1) above and do not have a clause for elected officials cited in (3) above and the policy does not reference a signature verification as cited in (4) above.

Management's Response

We will amend our current ethics policy to include the prohibitions cited in R.S. 42:1111-1121, include elected officials, and require annual signature verification.

- j) ***Debt Service***, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Written policies and procedures were obtained and do not specifically address the requirements above.

Management's Response

We will amend our debt service policy to specifically address in detail (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The board met with a quorum on a frequency in accordance with the Entity's by-laws.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Monthly budget-to-actual comparisons were not referenced in the monthly minutes.

Management's Response

We will provide budget-to-actual comparisons in future monthly meetings of the Port Committee.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

No exceptions noted.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

No exceptions noted.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Obtained a listing of client bank accounts from management and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all months in the fiscal period noting that reconciliations have been prepared for all months.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

No exceptions noted.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

No exceptions noted.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Obtained a listing of the cash collection locations and management's representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

No exceptions noted.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

No exceptions noted.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

No exceptions noted.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

No exceptions noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Written policies and procedures were obtained and address the functions noted above.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Obtained a listing of disbursements and management's representation that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

No exceptions noted.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

No exceptions noted.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

No exceptions noted.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

No exceptions noted.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

No exceptions noted.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

No exceptions noted

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

A signature stamp is used and is only used with the knowledge and consent of the signer. No exceptions noted.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

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 was obtained.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

The Entity had 4 active credit cards. The Entity had one purchasing card and three travel cards.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, 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.]

Of the two monthly statements examined, one did not have approval in writing by the persons required in the written procedures.

Management's Response

We will retrain the employees involved in credit card processing and institute an internal monitoring process to ensure compliance with written procedures.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

There were no finance charges and/or late fees assessed.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

For the 2 cards selected two unique monthly statements were examined.

The March 2017 statement for the Executive Director's card had one transaction with no itemized receipt for a special meal at the Woodland Plantation on 3/29/2017 in the amount of \$4,200.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

The 3/29/2017 special meal at the Woodland Plantation for \$4,200 referenced above was documented as being for the media day for the joint venture with American Patriot Holdings however, it did not identify the specific individuals who participated.

On the June Statement for the Deputy Director, the 6/14/2017 parking charge of \$6.00 was not documented as for the business/public purpose.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

For the 2 card statements examined, there was not written approval by the Chairman as required. Travel card statements exceeding \$5,000 require approval by the Port Chairman or Port Vice-Chairman as noted in the procedure.

Management's Response

For exceptions identified in 16(a) above, we will institute a monitoring process to ensure compliance with our credit card procedures to ensure itemized receipts, business purpose, and individuals participating are identified on the documentation supporting credit card transactions.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions noted.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Policies were obtained. No per diem for meals and incidentals exceeded GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

A \$53.90 mileage reimbursement was reimbursed at \$.565 per mile and not the \$.535 per mile as prescribed for in the policy.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

No exceptions noted.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions noted.

Management's Response

For the exceptions noted in item #19 (a) and (b), we will retrain employees involved in expense reimbursement procedures and institute an internal monitoring process to ensure compliance with written procedures.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

No exceptions noted.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Listing of all contracts in effect and management's representation that the listing is complete was obtained.

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

No exceptions noted.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

One contract was subject to the Louisiana Public Bid Law. The other four contracts were for professional services.

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

For the one contract subject to the public bid law, no exceptions noted.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

The remaining contracts were for 4 professional services contract. Two contracts did not have evidence of quotes. Quotes were not obtained for the legal services and, real estate consulting services. These three contracts were approved by the Port Commissioners.

Management's Response

We did not obtain quotes for contracts for our existing legal and real estate consultant service providers, no corrective action necessary.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No exceptions noted.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

For the legal service contract, the amount paid for general legal service exceeded the contracted amount by \$1,896.38.

Management's Response

Our circumstances dictated a need for additional legal services for the time period covered by the contract, in the future contract amendments will be obtained if anticipate going over the contracted amount.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Minutes show board approval contracts and personal service arrangements.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

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

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions noted.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether 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.)

All selected employees had daily attendance and leave documented.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions noted.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

No exceptions noted.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

The Entity remitted the retirement contribution to PERS for the 3rd quarter, 2 days late and incurred a penalty of \$1,733.44.

The Entity utilizes a payroll service provider for the transmittal of reporting forms and payroll tax payments, no exceptions noted.

Management's Response

We recognize our failure in remitting the retirement contributions timely to PERS and will retrain all employees involved in the retirement contribution disbursement process.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

No exceptions noted.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

No ethics violations were reported to the entity.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

No debt was issued during the fiscal period.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The Entity made the required debt service payments and maintained debt serves as required by the debt covenants.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Millage collections did not exceed debt service payments.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

The Entity had no misappropriation of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted.

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We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Camnetar & Co.

Camnetar & Co., CPAs

a professional accounting corporation

Gretna, Louisiana

June 29, 2018