

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Greater Krotz Springs Port Commission
Krotz Springs, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Greater Krotz Springs Port Commission as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Greater Krotz Springs Port Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Greater Krotz Springs Port Commission, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Greater Krotz Springs Port Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of the Port's proportionate share of net pension liability and the Port's employer contributions on pages 28 and 29 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management'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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greater Krotz Springs Port Commission's basic financial statements. The accompanying schedule of compensation, benefits and other payments to agency head on page 32 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

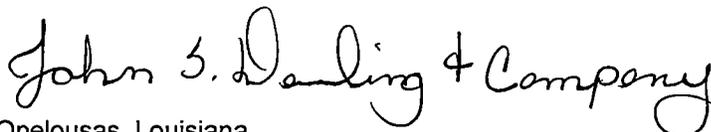
The schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2023, on our consideration of the Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Port's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated December 5, 2023, on the results of our statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agree-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.



Opelousas, Louisiana
December 5, 2023

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2023

BUSINESS-TYPE ACTIVITIES
PROPRIETARY FUND

ASSETS

Cash	\$	7,116,005
Investments		4,539,275
Interest receivable		1,852
Prepaid insurance		15,665
Lease receivables		552,152
Capital assets (net)		1,583,627
<u>Total assets</u>		13,808,576

DEFERRED OUTFLOWS OF RESOURCES

Pension		88,295
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LIABILITIES

Accounts payable		7,717
Accrued payroll and benefits		8,130
Due to others		6,875,469
Net pension liability		278,652
<u>Total liabilities</u>		7,169,968

DEFERRED INFLOWS OF RESOURCES

Pension		80,171
Leases		539,576

NET POSITION

Net investment in capital assets		1,583,627
Unrestricted		4,523,529
<u>Total net position</u>		6,107,156

The accompanying notes are an integral part of this statement.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	<u>BUSINESS-TYPE ACTIVITIES PROPRIETARY FUND</u>
<u>OPERATING REVENUES</u>	
Leases	\$ 471,808
Tonnage and docking fees	8,816
Miscellaneous income	363
<u>Total operating revenues</u>	480,987
<u>OPERATING EXPENSES</u>	
Commissioners per diem	27,300
Salaries and benefits	82,995
Taxes	3,748
Travel	1,054
Meetings and conventions	44,873
Dues	7,065
Advertising and promotion	3,454
Professional fees	26,403
Insurance	40,246
Telephone and utilities	7,512
Repairs and maintenance	6,617
Office expense	8,660
Depreciation	77,791
<u>Total operating expenses</u>	337,718
<u>OPERATING INCOME (LOSS)</u>	143,269
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest income	178,372
<u>Total non-operating revenues (expenses)</u>	178,372
<u>INCREASE (DECREASE) IN NET POSITION</u>	321,641
<u>NET POSITION</u> , beginning of year	5,785,515
<u>NET POSITION</u> , end of year	6,107,156

The accompanying notes are an integral part of this statement.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

BUSINESS-TYPE ACTIVITIES
PROPRIETARY FUND

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Received from customers	\$ 390,942
Paid to suppliers	(147,737)
Paid to employees	(188,710)
<u>Net cash provided by operating activities</u>	<u>54,495</u>
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Proceeds from short term financing	<u>6,875,469</u>
<u>Net cash provided by capital and related financing activities</u>	<u>6,875,469</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Purchase of certificates of deposit	(300,000)
Purchase of LAMP investments	(3,200,000)
Interest on investments	5,151
Interest income from leases receivable	40,370
Redemption of certificates of deposit	<u>3,250,000</u>
<u>Net cash used by investing activities</u>	<u>(204,479)</u>
 <u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	 6,725,485
 <u>CASH AND CASH EQUIVALENTS, beginning of year</u>	 <u>390,520</u>
 <u>CASH AND CASH EQUIVALENTS, end of year</u>	 <u>7,116,005</u>
 <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	
Operating income (loss)	\$ 143,269
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	77,791
Changes in assets and liabilities:	
(Increase) decrease in receivables, net	(552,152)
(Increase) decrease in prepaid insurance	(6,046)
Increase (decrease) in accounts and other payables	4,193
Increase (decrease) in pension expense	(76,042)
Increase (decrease) in deferred income	462,107
Increase (decrease) in accrued payroll and benefits	<u>1,375</u>
<u>Net cash provided by operating activities</u>	<u>54,495</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Greater Krotz Springs Port Commission was created as a political subdivision of the State of Louisiana by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 34:1451-1456. The Port Commission has the power to regulate the commerce and traffic in St. Landry Parish in such a manner as may be best for public interest; and it is empowered to own and have charge of, to administer, construct, operate and maintain wharfs, warehouses, landings, docks, sheds, belt and connection railroads, shipways, canals, channels, slips, basins, locks, elevators and other structures and facilities necessary and proper for the use and development of the business of the area under its control.

The Port Commission is governed by a board of commissioners, consisting of eleven members appointed as follows:

1. Three members by the St. Landry Parish Government
2. Two members by the City of Opelousas
3. Two members by the City of Eunice
4. Two members by the Town of Krotz Springs
5. Two members by the St. Landry Parish Municipal Association

The Port's office is located in Krotz Springs, Louisiana, and employs two administrative personnel. The Port's operations are funded entirely through annual self-generated revenues.

The following is a summary of certain significant accounting policies and practices of the Greater Krotz Springs Port Commission:

A. FINANCIAL REPORTING ENTITY

The Port is reported as a stand-alone entity as defined by GASB Statement No. 14, "The Financial Reporting Entity." The Port is neither fiscally dependent on any other local government, nor does it provide specific financial benefits to or impose specific financial burdens on any other government. No other potential component units meet the criteria for inclusion in the financial statements of the Port.

B. BASIS OF PRESENTATION

The Division of Administration of the State of Louisiana has determined that the Greater Krotz Springs Port Commission is a primary government and not a component unit or agency of the State of Louisiana for financial reporting purposes. The accompanying financial statements of the Greater Krotz Springs Port Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. These financial statements were prepared in accordance with GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that Use Proprietary Fund Accounting*. All activities of the Port are accounted for within a single proprietary (enterprise) fund. This fund type is used to report any activity for which a fee is charged to external users for goods and services.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS / BASIS OF ACCOUNTING

Measurement Focus

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. The proprietary fund of the Port utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied. All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Port’s enterprise fund are charged to tenants for the use of the facilities. Operating expenses for enterprise funds include the cost of maintaining the facilities, administrative expenses, and depreciation on capital assets. All revenues not meeting the definition are reported as non-operating revenues and expenses.

D. CASH AND INVESTMENTS

The Port defines cash and cash equivalents as follows:

Cash equivalents – includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

For the purpose of the statement of cash flows, “cash and cash equivalents” include all demand, pooled cash account, and certificates of deposit with an original maturity of three months or less.

E. RECEIVABLES

Receivables consist of all revenues earned at year-end and not yet received.

F. INVENTORIES

Inventories for supplies are immaterial and are recorded as expenses when purchased.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. CAPITAL ASSETS

All fixed assets are valued at historical cost. The Port maintains a threshold level of \$500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized. Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Revenues, Expenses, and Changes in Net Position, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	5-30 Years
Wharfs and docks	30 Years
Road and road improvements	30 Years
Boat launch	30 Years
Mooring dolphin	5 Years
Furniture and equipment	3-7 Years

H. COMPENSATED ABSENCES

Employees can accumulate up to 400 hours of sick leave; however, no payment is made for accrued and unused sick leave upon termination or retirement. Two weeks of annual leave is earned by each employee; however, any unused portion lapses at the end of the fiscal year.

I. EQUITY CLASSIFICATIONS

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position – Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it's the Port's policy to use restricted resources first, then unrestricted resources as they are needed.

J. LEASE REVENUES

The Port's revenues include the leasing of land and improvements under cancelable leases. The leases are recognized when earned. The Port recognizes a lease receivable and a deferred inflow of resources based on GASB Statement No. 87.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

L. PENSIONS

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

M. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time.

N. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The Greater Krotz Springs Port Commission does not provide any post-employment benefits to retirees other than pension and therefore is not required to report under GASB Statement No. 75, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions.

O. NEW ACCOUNTING PRONOUNCEMENTS

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. This Statement outlines a single model for certain leases based on the foundational principle that leases are financings of the right to use of an underlying asset. Other than short term leases, under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

NOTE (2) - CASH AND INVESTMENTS

Louisiana statutes authorize the Port to invest in United States bonds, treasury notes or certificates, time certificates of deposit in state and national banks, or any other federally insured investment.

The carrying amount of the Port's cash and investments at June 30, 2023, was \$ 11,655,281. The bank balance of cash was \$7,121,022 and of investments was \$4,539,275 at June 30, 2023. Investments are stated at cost or amortized cost, which approximates market. Investments consist of time

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (2) - CASH AND INVESTMENTS (Continued)

certificates of deposit and direct investment in the Louisiana Asset Management Pool (LAMP). Cash and certificates of deposits are fully secured through the pledge of bank-owned securities or federal deposit insurance. Investments in certificates of deposit at June 30, 2023, were \$650,000. The Louisiana Asset Management Pool (LAMP) is a cooperative endeavor designed to create a local government investment vehicle. The cooperative endeavor was created at the initiative of the Louisiana State Treasurer's Office.

With investment advice provided by a professional investment manager and custody of the assets maintained by a major Louisiana bank, LAMP has been established to improve administrative efficiency and increase investment yield for all depositing members. Investment in LAMP at June 30, 2023, was \$3,889,275 LAMP is currently rated AAA by Standard & Poor's Ratings Services.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Port's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of 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 bank. 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.

At June 30, 2023, \$750,000 of the bank balance was covered by FDIC insurance and \$7,021,022 was exposed to custodial credit risk. These deposits are uninsured but are collateralized with securities held by the pledging institutions' trust department or agent, but not in the Port's name. The Port does not have a policy for custodial credit risk.

NOTE (3) - COMPENSATION PAID TO COMMISSIONERS

The schedule of per diem payments to Commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Board members are paid \$75 for each meeting they attend, as authorized by Louisiana Revised Statute 34:1451.

The amounts paid to Board Commissioners during the year ended June 30, 2023, are as follows:

Member	2023
Senic Batiste	\$ 2,625
Denise Cannatella	1,575
Cheryl L. Carter	2,250
Clovis Cornelius	2,700
Paul J. Dicapo	2,775
Vernon Haynes	2,400
Monita Reed	2,775
Joyce Soileau	2,625
Michael R. Thibodeaux	2,625
William Thompson	2,175
Kenneth Vidrine	2,775
	27,300

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (4) – PENSION PLAN

Plan Description –

All full-time employees of the Port are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan.

Benefits Provided –

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

1. Retirement Benefits

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Our rank-and-file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service, at age 55 upon completing 25 years of creditable service, and at age 60 upon completing ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hire on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (4) - PENSION PLAN (Continued)

1. Retirement Benefits (Continued)

Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

Members of the Harbor Police Retirement System who are members prior to July 1, 2014, may retire after 25 years of creditable service at any age, 12 years of creditable service at age 55, 20 years of creditable service at age 45, and 10 years of creditable service at age 60. Average compensation for the plan is the member's average annual earned compensation for the highest 36 consecutive months of employment, with a 3.33% accrual rate.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

2. Deferred Benefits

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to

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NOTE (4) - PENSION PLAN (Continued)

2. Deferred Benefits (Continued)

January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

For members who are in the Harbor Police Plan, the annual DROP Interest Rate is the three-year average (calculated as the compound average of 36 months) investment return of the plan assets for the period ending the June 30th immediately preceding that given date. The average rate so determined is to be reduced by a "contingency" adjustment of 0.5%, but not to below zero. DROP interest is forfeited if member does not cease employment after DROP participation.

3. Disability Benefits

Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching retirement age, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation or 100% of final average compensation if the injury was the result of an intentional act of violence.

Members of the Harbor Police Retirement System who become disabled may receive a non-line of duty disability benefit after five years or more of credited service. Members age 55 or older may receive a disability benefit equivalent to the regular retirement benefit. Under age 55, the disability benefit is equal to 40% of final average compensation. Line of duty disability benefits are equal to 60% of final average compensation, regardless of years of credited service or 100% of final average compensation if the injury was the result of an intentional act of violence. If the disability benefit retiree is permanently confined to a wheelchair, or, is an amputee incapable of serving as a law enforcement officer, or the benefit is permanently legally binding, there is no reduction to the benefit if the retiree becomes gainfully employed.

4. Survivor's Benefits

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child.

GREATER KROTZ SPRINGS PORT COMMISSION
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NOTE (4) - PENSION PLAN (Continued)

4. Survivor's Benefits (Continued)

The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

A Hazardous Duty Services Plan member's surviving spouse and minor or handicapped or mentally incapacitated child or children are entitled to survivor benefits of 80% of the member's final average compensation if the member was killed in the line of duty. If the member dies in the line of duty as a result of an intentional act of violence, survivor benefits may be increased to 100% of the member's final average compensation.

Non-line of duty survivor benefits of the Harbor Police Retirement System may be received after a minimum of five years of credited service. Survivor benefits paid to a surviving spouse without children are equal to 40% of final average compensation and cease upon remarriage. Surviving spouse with children under 18 benefits are equal to 60% of final average compensation, and cease upon remarriage, and children turning 18. No minimum service credit is required for line of duty survivor benefits which are equal to 60% of final average compensation to surviving spouse, regardless of children. Line of duty survivor benefits cease upon remarriage, and then benefit is paid to children under 18.

5. Permanent Benefit Increases/Cost-of-Living Adjustments

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Contributions

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers.

The agency's contractually required composite contribution rate for the year ended June 30, 2023, was 40.4% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Agency were \$45,763 for the year ended June 30, 2023.

At June 30, 2023, the Employer reported a liability of \$ 278,652 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Agency's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all

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NOTE (4) - PENSION PLAN (Continued)

participating employers, actuarially determined. At June 30, 2022, the Agency's proportion was 0.00369%, which was a decrease of 0.00186% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Agency recognized pension expense of \$36,908 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions and deferred outflows and inflows or resources, (\$112,950).

At June 30, 2023, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 760	\$ -
Changes of assumptions	5,066	-
Net difference between projected and actual earnings on pension plan investments	22,444	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions and deferred outflows and inflows of resources	14,262	80,171
Employer contributions subsequent to the measurement date	45,763	-
Total	<u>88,295</u>	<u>80,171</u>

\$45,763 reported as deferred outflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2023	\$ (51,987)
2024	4,638
2025	(5,676)
2026	<u>15,386</u>
Total	<u>(37,639)</u>

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NOTE (4) - PENSION PLAN (Continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2022, are as follows:

Valuation Date	June 30, 2022	
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Expected Remaining		
Service Lives	2 years	
Investment Rate of Return	7.25% per annum, net of investment expenses*	
Inflation Rate	2.3% per annum	
Mortality	Non-disabled members - The RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018.	
	Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.	
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2014-2018) experience study of the System's members.	
Salary Increases	Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for specific types of members are:	
	<u>Member Type</u>	<u>Lower Range</u> <u>Upper Range</u>
	Regular	3.0% 12.8%
	Judges	2.6% 5.1%
	Corrections	3.6% 13.8%
	Hazardous Duty	3.6% 13.8%
	Wildlife	3.6% 13.8%
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.	

* The investment rate of return used in the actuarial valuation for funding purposes was 7.60%, recognizing an additional 35 basis points for gain-sharing. The net return available to fund regular plan benefits is 7.25%, which is the same as the discount rate. Therefore, the System's management concludes that the 7.25% discount is reasonable.

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NOTE (4) - PENSION PLAN (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges 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 ranges 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 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.34% for June 30, 2022.

Asset Class	Expected Long Term Real Rates of Return
Cash	0.39%
Domestic Equity	4.57%
International Equity	5.76%
Domestic Fixed Income	1.48%
International Fixed Income	5.04%
Alternative Investments	8.30%

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive 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.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.25%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate.

	1.0% Decrease (6.25%)	Current Discount Rate (7.25%)	1.0% Increase (8.25%)
Employer's proportionate share of the net pension liability	\$ 351,006	\$ 278,652	\$ 213,254

Retirement System Audit Reports

The Louisiana State Employees' Retirement System has issued stand-alone audit reports on their financial statements for the years ended June 30, 2022 and 2021. Access to the reports can be found on the Louisiana Legislative Auditor's website, www.la.la.gov and the System's website, www.lasersonline.org.

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NOTE (4) - PENSION PLAN (Continued)

At June 30, 2023, the Port had a payable in the amount of \$ 4,578 to LASERS for the employee and the employer portions of contractually required contributions to the pension plan.

NOTE (5) - LEASE REVENUES

During the year ended June 30, 2023, the Greater Krotz Springs Port Commission implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, leases will be categorized into three different categories: short-term leases, leases that transfer ownership, and all other leases.

The Port participates in several leases where it serves as the lessor. Under GASB 87, the lessor is required to recognize a lease receivable and a deferred inflow of resources.

Cabot Corporation

On April 5, 1993, (amended on September 13, 1993), the Port entered into a lease with Cabot Corporation for the use of 5.58 acres of land, more or less, which includes a basic rent and one cent per barrel for all material, either incoming or outgoing, moved across the dock. The Port also granted several easements, servitudes, rights-of-way, rights of passage, etc. for Cabot Corporation to conduct its business.

The lease for Cabot Corporation was renewed for 5 years, commencing on April 5, 2018 and ending on April 4, 2023, with Cabot Corporation having the option to extend the lease on the same terms for 4 additional 5 year terms, unless giving notice in writing to the Port 60 days in advance of the end of a particular 5 year term to renew.

Cabot Corporation guarantees a 30,000-barrel minimum per month throughput, said one cent per barrel charge to accrue on October 1, 1993, and shall be due on a calendar month basis thereafter. Cabot Corporation shall furnish to the Port a monthly throughput report no later than 30 days following the end of the month covered by each report. The additional rent shall be adjusted at the beginning of each option year to reflect the increase in the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers (CPI-U), South Region.

Lease and tonnage revenue for the fiscal year ended June 30, 2023 for Cabot Corporation was \$8,517.

The interest rate for this lease is the City's incremental borrowing rate of 5%. As of June 30, 2023, this lease resulted in a lease receivable of \$173,848 and deferred inflows of resources, net of amortization of \$8,517, of \$170,338.

Delek USA – Monthly

On May 13, 1993, the Port entered into a lease with Phibro Energy USA, Inc. for the use of certain tracts or parcels of land and/or rights of way designated as Tract 2-A containing 10.16 acres, Tract 3 containing 5.29 acres, Tract 4 containing 1.46 acres, and Tract 5 containing 2.95 acres. In addition, Phibro shall have a pipeline and road right-of-way for the existing Phibro pipelines and the existing roads, etc.

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NOTE (5) - LEASE REVENUES (Continued)

Delek USA – Monthly (Continued)

The surface lease agreement shall be for a period of 10 years commencing on January 1, 1993, and ending on December 31, 2002, subject to Phibro's option to extend or renew this lease for one additional 5 year period commencing on January 1, 2003, and terminating on December 31, 2007, on the same terms and conditions as contained herein.

Phibro agrees to pay a monthly rental of \$15,285, due and payable on or before the 15th day of each month beginning March 15, 1993, and like installment due and payable on or before the 15th day of each month thereafter. The rental shall be adjusted by 25% of the CPI adjustment on January 1st of each year of the primary lease and any extension thereof.

In May 1997, Basis Petroleum, Inc. (formerly known as Phibro Energy USA, Inc.) sold all of its capital stock to Valero Refining and Marketing Company, a wholly owned subsidiary of Valero Energy Corporation, who assumed the original lease.

On February 5, 2007, the lease with Valero Refining was extended to December 31, 2017, with one option to extend the lease for one 5-year period. In addition, lease payments will adjust on January 1st of each year in accordance with the original lease.

On June 2, 2008, the Port agreed to assign the lease to Alon Refining Krotz Springs, Inc. after its acquisition of the facilities from Valero Refining.

On July 1, 2018, the Port agreed to assign the lease to Delek USA after its acquisition of the facilities from Alon Refining Krotz Springs, Inc.

Lease revenue for the fiscal year ended June 30, 2023 for Delek USA was \$273,540.

The interest rate for this lease is the City's incremental borrowing rate of 5%. As of June 30, 2023, this lease resulted in a lease receivable of \$210,283 and deferred inflows of resources, net of amortization of \$273,540, of \$205,155.

Delek USA – Yearly Warehouse

On January 1, 2006, the Port entered into a lease with Valero Refining Company - Louisiana for the use of a 16,000 sq. ft. warehouse and 11.58 acres situated in Section 15, T-6-S, R-7-E, St. Landry Parish. The term of the lease is 10 years, commencing January 1, 2006, with the option to extend the lease on the same terms for 2 additional 10-year terms. The original terms of the lease were \$17,370 per year land rental and \$24,000 per year warehouse rental. The rental has been adjusted annually to reflect the changes in the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers (CPI-U), South Region.

On June 2, 2008, the Port agreed to assign the lease to Alon Refining Krotz Springs, Inc. after its acquisition of the facilities from Valero Refining.

On July 1, 2018, the Port agreed to assign the lease to Delek USA after its acquisition of the facilities from Alon Refining Krotz Springs, Inc.

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NOTE (5) - LEASE REVENUES (Continued)

Delek USA – Yearly Warehouse (Continued)

Lease revenue for the fiscal year ended June 30, 2023 for Delek USA was \$51,892.

The interest rate for this lease is the City's incremental borrowing rate of 5%. As of June 30, 2023, this lease resulted in a lease receivable of \$159,411 and deferred inflows of resources, net of amortization of \$51,892, of \$155,678.

Town of Krotz Springs

In April of 2014, the Port entered into an annual operating lease agreement with the Town of Krotz Springs for the boat launch ramp and .913 acres, including the parking area to the Town of Krotz Springs. The Town will operate and maintain the boat ramp for the use of the public. The Town shall pay the Port \$100 annually on the 23rd of April each year. The lease term is for 5 years, commencing on April 23, 2014, with the option to extend the lease for an additional 5-year term. Either party may cancel this lease upon 60 days' written notice to the other.

Lease revenue for the fiscal year ended June 30, 2023 for the Town of Krotz Springs was \$100.

HEH Intermodal, LLC

HEH Intermodal LLC (formerly known as Mid-River Terminal, LLC) is a Louisiana based company with extensive oil and gas experience. HEH Intermodal will build a state-of-the-art facility for transferring petroleum products into and out of standard river barges for inland throughput. HEH Intermodal will bring in product, possibly blend the product as per customers specifications, store the product and then barge it out to customers.

On May 1, 2014, (amended on May 1, 2015) the Port entered into a lease agreement with HEH Intermodal, LLC for approximately 35 acres of land together with all buildings, construction, and improvements presently situated on or subsequently erected upon the land.

Initial term – The initial term of the lease shall commence on the effective date of the lease for a period of 1 year for a base rent of \$30,000 per annual lease to be paid in advance. During this term, HEH Intermodal, in its sole and absolute discretion by giving written notice to the Port, may either extend the initial term for another 12 months, elect to terminate the lease, or elect to continue the lease and commence construction of its facility.

As of May 1, 2015, HEH Intermodal, LLC has extended the initial term for an additional 12 months for a base rent of \$40,137.

As of May 1, 2017, HEH Intermodal, LLC has extended the initial term for an additional 6 months.

As of May 1, 2018, HEH Intermodal, LLC has extended the initial term for an additional 12 months with a base rent of \$40,148.

As of May 1, 2019, the Port has amended the lease agreement with HEH Intermodal, LLC. The initial term that was set to terminate on May 1, 2019 was extended through April 30, 2021. (This was the eighth amendment to the HEH Intermodal lease agreement.)

GREATER KROTZ SPRINGS PORT COMMISSION
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NOTE (5) - LEASE REVENUES (Continued)

HEH Intermodal, LLC (Continued)

As of May 1, 2021, the Port has amended the lease agreement with HEH Intermodal, LLC. The initial term that was set to terminate on May 1, 2021 was extended through April 30, 2023. (This was the ninth amendment to the HEH Intermodal lease agreement.)

As of May 1, 2023, the Port has amended the lease agreement with HEH Intermodal, LLC. The initial term that was set to terminate on April 30, 2023 was extended through April 30, 2024. (This was the tenth amendment to the HEH Intermodal lease agreement.)

Construction term - The construction term shall commence on the first day of the third full month following the written notice delivery date from HEH Intermodal and shall run for a period not to exceed 5 years from the construction commencement date at an annual rent of \$50,000 payable annually in advance.

Primary term - The primary term shall commence on the first day of the first calendar quarter following the commercial operations date and shall continue for two 5-year terms with annual base rent of \$65,000 per annual paid quarterly in advance for the first 5 years and \$75,000 per annual paid quarterly in advance for the second 5- year term. HEH Intermodal will have the option to extend this lease for 10 annual renewal periods of 5 years each at a rate set by a prescribed index as defined in the lease agreement.

In addition to the base rent during the primary term, HEH Intermodal shall also pay an additional rent ("Tariff Rent") on "throughput" barrels of product delivered to third parties, calculated as prescribed in the schedule contained in the lease agreements and payable in arrears, within 45 days after the last day of each calendar quarter. The tariff rent shall be adjusted upon the renewal of the lease based upon the same index as prescribed for the base rent.

Lease revenue for the fiscal year ended June 30, 2023 for HEH Intermodal was \$49,010.

The interest rate for this lease is the City's incremental borrowing rate of 5%. As of June 30, 2023, this lease resulted in a lease receivable of \$0 and deferred inflows of resources, net of amortization of \$49,0010, of \$0.

Dale White

On March 21, 2022 the Port entered into a lease for Jerry Disotell for a term of 3 years, commencing on July 1, 2022, and ending on June 30, 2025. The annual lease will be for \$1,800 per year.

Lease revenue for the fiscal year ended June 30, 2023 for Dale White was \$1,460.

The interest rate for this lease is the City's incremental borrowing rate of 5%. As of June 30, 2023, this lease resulted in a lease receivable of \$3,347 and deferred inflows of resources, net of amortization of 1,634, of \$3,268.

Travis Lafleur

On March 18, 2021, the Port entered into a lease for Travis Lafleur for a term of three years, commencing on April 1, 2021, and ending on March 31, 2024. The annual lease will be \$5,526.

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NOTE (5) - LEASE REVENUES (Continued)

Travis Lafleur (Continued)

Lease revenue for the fiscal year ended June 30, 2023 for Travis Lafleur was \$5,137.

The interest rate for this lease is the City's incremental borrowing rate of 5%. As of June 30, 2023, this lease resulted in a lease receivable of \$5,262 and deferred inflows of resources, net of amortization of \$5,137, of \$5,137.

The total lease receivable, deferred inflows, and lease revenue for the fiscal year ended June 30, 2023, was as follows:

	<u>Lease Receivable</u>	<u>Deferred Inflows</u>	<u>Lease Revenue</u>
Delek USA Refinery-Monthly	\$ 210,284	\$ 205,155	\$ 273,540
Delek USA Refinery-Yearly Warehouse	159,411	155,678	51,892
Cabot Corp (annual lease)	173,848	170,338	8,517
HEH Intermodal, LLC	-	-	49,010
Travis Lafleur (annual lease)	5,262	5,137	5,137
Dale White (annual lease)	3,347	3,268	1,460
PY Deferred	-	-	77,469
Town of Krotz Springs	-	-	100
CPI - Delek	-	-	4,683
	<u>552,152</u>	<u>539,576</u>	<u>471,808</u>

For the year ended June 30, 2023, lease revenue and interest income relating to these leases were \$471,808 and \$40,370, respectively.

Annual principal receipts on the receivable and related interest on these six leases are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 273,002	\$ 21,499
2025	60,330	13,957
2026	61,546	10,941
2027	6,086	7,864
2028	6,391	7,559
2029-2033	37,078	32,672
2034-2038	47,322	22,428
2039-2043	60,397	9,354
	<u>552,152</u>	<u>126,274</u>

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
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JUNE 30, 2023

NOTE (5) - LEASE REVENUES (Continued)

Future amortization of deferred inflows of resources on these six leases are as follows:

<u>Year Ending June 30,</u>	<u>Amortization</u>
2024	\$ 272,335
2025	62,043
2026	60,409
2027	8,517
2028	8,517
2029-2033	42,585
2034-2038	42,585
2039-2043	42,585
	<u>539,576</u>

NOTE (6) - RISK MANAGEMENT

The Port is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee medical insurance; and natural disasters. The Port carries commercial insurance for risks of loss or damage to property, general liability, and medical insurance. There were no significant reductions in insurance coverage in 2023, from coverage in the prior year. Settled claims have not exceeded this commercial coverage in the past three fiscal years.

NOTE (7) - DUE TO OTHERS

The Port received \$6,875,469 during the fiscal year ended June 30, 2023 from Delek for the short term financing of 100% of the Commission's "Bank Stabilization Project." Delek agreed to advance 100% of the project cost which was placed in a separate project account. The Port was approved for a \$5,130,000 LaDOTD Port Priority Program and agreed to reimburse Delek 100% of these funds once received. The Port also agree to reimburse Delek for any unused funds if the project was underbudgeted.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
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JUNE 30, 2023

NOTE (8) - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Balances</u> <u>7/1/2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u> <u>6/30/2023</u>
Business-type Activities				
Land	\$ 856,100	\$ -	\$ -	\$ 856,100
Boat launch	600,000	-	-	600,000
Buildings	946,845	-	-	946,845
Wharfs and docks	937,183	-	-	937,183
Road and road improvements	689,657	-	-	689,657
Mooring dolphin	43,119	-	-	43,119
Furniture and equipment	62,186	-	-	62,186
<u>Total at historical cost</u>	<u>4,135,090</u>	<u>-</u>	<u>-</u>	<u>4,135,090</u>
Less accumulated depreciation				
Boat Launch	163,333	20,000	-	183,333
Buildings	674,580	27,860	-	702,440
Wharfs and docks	885,341	8,846	-	894,187
Roads and land improvements	653,205	18,195	-	671,400
Mooring dolphin	43,119	-	-	43,119
Furniture and equipment	54,094	2,890	-	56,984
<u>Total accumulated depreciation</u>	<u>2,473,672</u>	<u>77,791</u>	<u>-</u>	<u>2,551,463</u>
Business-type activities capital assets, net	<u><u>1,661,418</u></u>	<u><u>(77,791)</u></u>	<u><u>-</u></u>	<u><u>1,583,627</u></u>

Depreciation expense for the year ended June 30, 2023, was \$77,791.

NOTE (9) - SUBSEQUENT EVENTS

Subsequent events were evaluated through December 5, 2023, which is the date the financial statements were available to be issued.

In July 2023, the Port began its Bank Stabilization Project funded by Delek and LaDOTD's Port Priority Program of which the Port received \$5,130,000 in October and November of 2023. The project was completed in October 2023 at a total cost of \$6,429,332.

REQUIRED SUPPLEMENTARY INFORMATION

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
JUNE 30, 2023*

Measurement Date					
Date	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.00369%	\$ 278,652	\$ 59,999	464.43%	63.7%
2022	0.00555%	278,652	108,712	256.32%	72.8%
2021	0.00553%	457,699	116,072	394.32%	58.0%
2020	0.00582%	421,726	109,429	385.39%	62.9%
2019	0.00544%	371,072	109,141	339.99%	64.3%
2018	0.00546%	384,109	105,525	364.00%	62.5%
2017	0.00141%	110,642	108,497	101.98%	57.7%
2016	0.00564%	383,469	106,981	358.45%	62.7%
2015	0.00581%	363,230	97,741	371.63%	65.0%

*The amounts presented have a measurement date of the previous fiscal year end.

See independent auditor's report.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
SCHEDULES OF EMPLOYER CONTRIBUTIONS
JUNE 30, 2023

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2023	\$ 45,763	\$ 45,763	-	\$ 113,274	40.4%
2022	23,700	23,700	-	59,999	39.5%
2021	43,593	43,593	-	108,712	40.1%
2020	47,241	47,241	-	116,072	40.7%
2019	41,474	41,474	-	109,429	37.9%
2018	41,365	41,365	-	109,141	37.9%
2017	37,778	37,778	-	105,525	35.8%
2016	40,361	40,361	-	108,497	37.2%
2015	39,438	39,438	-	106,981	36.9%

See independent auditor's report.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

CHANGES OF BENEFIT TERMS

There were no changes of benefit terms for the year ended June 30, 2023.

PENSION PLANS

Changes of assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans. These assumptions include the rate of investment return, mortality of plan members, rate of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plan. The investment rate of return decreased from 7.40% to 7.25% and there was no change in the inflation rate of 2.30% for the valuation dated June 30, 2022.

OTHER SUPPLEMENTARY INFORMATION

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
JUNE 30, 2023

Agency Head Name: Cindy Stelly, Executive Director

Purpose	Amount
Salary	\$ 75,000
Benefits-insurance	-
Benefits-retirement	35,261
Benefits-<list any other here>	-
Car allowance	9,240
Vehicle provided by government	-
Per diem	-
Reimbursements	655
Travel	587
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses*	-
Special meals	-

See independent auditor's report.

RELATED REPORTS

James L. Nicholson, Jr., CPA
Michael A. Roy, CPA
Lisa Trouille Manuel, CPA
Dana D. Quebedeaux, CPA



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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

The Board of Commissioners
Greater Krotz Springs Port Commission
Krotz Springs, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Greater Krotz Springs Port Commission, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Greater Krotz Springs Port Commission's basic financial statements and have issued our report thereon dated December 5, 2023.

Report on Internal Control over Financial Reporting

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

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified one deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Greater Krotz Springs Port Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Greater Krotz Springs Port Commission 's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Greater Krotz Springs Port Commission's response to the findings identified in our audit and described in the accompanying schedule of finding and responses. The Port's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513 this report is distributed by the Legislative Auditor as a public document.


Opelousas, Louisiana
December 5, 2023

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
JUNE 30, 2023

Section I - SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Greater Krotz Springs Port Commission.
2. One significant deficiency and no material weaknesses relating to the audit of the financial statements were reported in the 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.
3. No instances of noncompliance relating to the audit of the financial statements were reported in the 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.
4. No management letter was issued for the Greater Krotz Springs Port Commission as of and for the year ended June 30, 2023.
5. There was no single audit required under the Uniform Guidance.

Section II - 2023 FINDINGS - FINANCIAL STATEMENT AUDIT

Internal Control

2023-001. Inadequate Segregation of Duties within Accounting Functions

Condition: Due to the small number of employees, the Greater Krotz Springs Port Commission did not have adequate segregation of functions within the accounting system.

Criteria: Segregation of conflicting duties within accounting functions is a basic internal control.

Cause: There are a small number of employees at the Port performing the daily operating activities.

Effect: The accounting functions are not segregated, and it is important that you are aware of this condition because errors or fraud could occur and not be detected.

Recommendation: A system of internal control should be established in order to mitigate the problem of having such a small number of employees performing the daily accounting functions.

Response: Due to the small size of the Port, there are not enough employees to properly segregate the accounting duties.

Section III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2023

Section I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

No findings.

Section II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

No findings.

Section III – MANAGEMENT LETTER

No findings.

James L. Nicholson, Jr., CPA
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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
Greater Krotz Springs Port Commission and the Louisiana Legislative Auditor
Krotz Springs, Louisiana

We have performed the procedures enumerated below on the Greater Krotz Springs Port Commission's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended June 30, 2023, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide. The Port's management is responsible for its financial records and compliance with applicable laws and regulations.

The Port has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the Port's compliance with the laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended June 30, 2023. Additionally, the Louisiana Legislative Auditor has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
The Port does not have written policies and procedures for budgeting; however, the Port is not required to have a budget.
 - ii. **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
The Port does not have written policies and procedures for purchasing.
 - iii. **Disbursements**, including processing, reviewing, and approving.
The Port does not have written policies and procedures for disbursements.

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
The Port does not have written policies and procedures for receipts/collections.
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
The Port does not have written policies and procedures for payroll/personnel.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
The Port does not have written policies and procedures for contracting.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
The Port does not have written policies and procedures for travel and expense reimbursement. The Port follows the GSA guidelines for travel reimbursements.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
The Port does not have any credit cards, therefore, no written policies and procedures.
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
The Port does not have written policies and procedures for ethics.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
The Port does not have written policies and procedures for debt service.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
The Port does not have written policies and procedures for information technology disaster recovery/business continuity.

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

The Port does not have written policies and procedures for sexual harassment.

2) Board or Finance Committee

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

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

The board met with a quorum at least once a month.

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

The Port is not required to have a budget; therefore, budget-to-actual comparisons are not presented at the board meetings. However, financial reports are presented to the board on a monthly basis.

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

Not applicable. The Port have one fund, which is a proprietary fund.

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

There were no findings in the previous year review.

3) Bank Reconciliations

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

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

Bank reconciliations were dated within one month after closing date.

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

There is no written evidence that the bank reconciliation was reviewed.

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

The Port researches the outstanding items on a monthly basis.

4) Collections (excluding electronic funds transfers)

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

Obtained a listing of cash collection locations and management's representation that the listing is complete. The Port only has one deposit site.

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

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

The Port has only one employee collecting cash and only one cash drawer.

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

The Port has one employee who is responsible for collecting cash, preparing/making bank deposits, recording the transaction and reconciling the bank statements.

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

The Port does not have a person responsible for posting collection entries to the general ledger that is independent of the cash collections.

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

The Port does not have a person reconciling cash collections to the ledger that is independent of the cash collections.

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

The Port does not have any employees covered by an insurance bond.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
No exceptions noted.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exceptions noted.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
No exceptions noted.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
No exceptions noted.
 - v. Trace the actual deposit per the bank statement to the general ledger.
No exceptions noted.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
Obtained listing of locations that process payments and management's representation that the listing is complete. The Port only has one location that processes payments.
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
There is only one employee involved in initiating and making a purchase. However, the board is responsible for approving all purchases.

- ii. At least two employees are involved in processing and approving payments to vendors;
The executive secretary and executive director are responsible for processing and approving payments to vendors and the board is responsible for approving payments to vendors.
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
The employee responsible for processing payments is not prohibited from adding vendors to the Port's system.
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
The executive secretary and executive director mails payments is also responsible for processing payments. However, each check requires a board member's signature and the board approves all checks.
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
The board approves all payments including electronic disbursements.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
No exceptions noted.
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
No exceptions noted.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.
No exceptions noted.

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Not applicable. The Port does not have credit cards.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
 - i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
No exceptions noted.
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
No exceptions noted.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
No exceptions noted.
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
No exceptions noted.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
No exceptions noted.
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
No exceptions noted.
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
No exceptions noted.
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.
No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
Obtained a payroll journal from management with representation that the listing was complete. The Port does not have personnel files, but all compensation was paid in accordance with the board member approval per the minutes.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
No exceptions noted.
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
No exceptions noted.
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
No exceptions noted.
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
No exceptions noted. The Port does not have personnel files but authorized salary/pay rates agree to board approval in the minutes.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
No employees were terminated during the fiscal period.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.
Obtained management's representation that all payroll taxes and workers' compensation premiums have been paid and all forms were filed by required deadlines.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
No exceptions noted.
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
The Port does not have an ethics policy.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.
The executive director is the ethics designee.

11) Debt Service

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

No bonds/notes were issued during the fiscal period.

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

No exceptions noted.

12) Fraud Notice

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

Management has asserted that the Port did not have any misappropriations of public funds or assets during the fiscal period.

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

The required notice is not posted on the premises or website.

13) Information Technology Disaster Recovery/Business Continuity

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

There were no employees terminated during the fiscal year.

14) Prevention of Sexual Harassment

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

Out of the 5 selected employees only 3 completed the training.

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

The Port does not have a sexual harassment policy.

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

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

There was not a report completed for the 2022 calendar year.

To the Board of Commissioners
Greater Krotz Springs Port Commission and the Louisiana Legislative Auditor
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We were engaged by Greater Krotz Springs Port Commission to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Greater Krotz Springs Port Commission and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The report is intended solely to describe the scope of testing performed on those C/C area identified in the SAUPs, and the result of that testing, and not to provide 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.

A handwritten signature in cursive script that reads "John S. Dawling & Company". The signature is written in black ink and is positioned above the typed name and date.

Opelousas, Louisiana
December 5, 2023

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2023

Management's response to the following statewide agreed-upon procedure exceptions:

Written Policies and Procedures

1.ii – 1.vii, 1.ix – 1.xii: The Port is a small entity with extensive oversight by the Commissioners and the Executive Director. The Port relies heavily on Louisiana State Law in relation to policies and procedures, however, the Port will consider adoption of the policies and procedures.

Bank Reconciliations

3.A.ii: In the future, a member of management or a commissioner who does not handle cash, post ledgers, or issue checks will initial and date that he/she has reviewed each bank reconciliation.

Collections

4.B.ii – 4.B.iv: Due to the small size of the entity, there are not enough employees to properly segregate the accounting duties.

4.C: The Port will consider purchasing a bond in the upcoming fiscal year to cover all employees who have access to cash.

Non-Payroll Disbursements

5.B.iii: In the future, the executive director will periodically review changes made to vendor files. Due to the size of the entity and its small number of employees it is difficult to have an employee mail checks that is not involved with processing payments.

Ethics

10.A.ii: The Port is a small entity with extensive oversight by the Commissioners and the Executive Director. The Port relies heavily on Louisiana State Law in relation to policies and procedures, however, the Port will consider adoption of the policy.

Fraud Notice

12.B: The Port will make sure that in the future the fraud notice is posted on the premises and the Port's website.

Prevention of Sexual Harassment

14.A: In the future, the Port will ensure that all employees and commissioners complete the annual sexual harassment training.

14.C: In the future, the Port will ensure that an annual sexual harassment report is completed on or before February 1st of each year.