

PORT OF SOUTH LOUISIANA

**AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED**

April 30, 2022 and 2021

PORT OF SOUTH LOUISIANA

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INDEPENDENT AUDITORS' REPORT

The Board of Commissioners of the
Port of South Louisiana

Opinions

We have audited the accompanying financial statements of the Port of South Louisiana (Port) as of and for the years ended April 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Port'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 financial position of the Port of South Louisiana as of April 30, 2022 and 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port 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 Port'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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 judgment, there are conditions or 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 management's discussion and analysis and required supplementary information on pages 4 through 8 and pages 34 through 36 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Port of South Louisiana's basic financial statements. The accompanying Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2022, on our consideration of the Port of South Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
October 11, 2022

PORT OF SOUTH LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2022

This section of the Port of South Louisiana's (the Port) financial report presents a discussion and analysis of the Port's financial performance during the fiscal year that ended April 30, 2022. Please read it in conjunction with the Port's financial statements, which follows this section.

FINANCIAL HIGHLIGHTS

The Port's net position (assets fully owned with no restrictions) of approximately \$173.8 million represents approximately 89% of total assets of approximately \$196.3 million in 2022. In 2021, the Port's net position of approximately \$153.6 million approximated 87% of total assets of approximately \$177.1 million.

The Port had an increase in net position of approximately \$20.2 million for the year ended April 30, 2022 and an increase in net position of approximately \$19.2 million in 2021.

In addition, the Port's cash provided from operating activities was \$6,846,756 in 2022 as compared to \$3,542,085 in 2021.

On August 29, 2021, Hurricane Ida made landfall and caused unprecedented devastation to Southeast Louisiana. The Port sustained significant damage which resulted in a net impairment gain, after insurance recoveries, of \$7,284,225. See NOTE 3 for further explanation.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and the notes to the financial statements.

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

The Port's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statements of Revenues, Expenses and Changes in Net Position. All assets and liabilities associated with the operations of the Port are included in the Statements of Net Position.

The Statements of Net Position report the Port's net position, which is the difference between its assets and liabilities. Net Position is one way to measure the Port's financial health or position.

PORT OF SOUTH LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
April 30, 2022

FINANCIAL ANALYSIS OF THE PORT

Net Position

The Port's total assets at April 30, 2022 reached approximately \$196.3 million. A change in the composition of assets is primarily due to the increase in cash and property and equipment held as of April 30, 2022.

Table A-1
PORT OF SOUTH LOUISIANA
Statements of Net Position
April 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>	<u>Variance</u>	<u>Percent Variance</u>
ASSETS				
Current assets	\$ 39,075,966	\$ 28,991,222	\$ 10,084,744	35 %
Restricted assets	8,590	7,697	893	12 %
Property and equipment, net	157,239,985	148,066,965	9,173,020	6 %
Other assets	<u>654</u>	<u>-</u>	<u>654</u>	100 %
Total Assets	196,325,195	177,065,884	19,259,311	11 %
Deferred Outflows of Resources	<u>1,493,485</u>	<u>2,364,002</u>	<u>(870,517)</u>	(37) %
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 197,818,680</u>	<u>\$ 179,429,886</u>	<u>\$ 18,388,794</u>	10 %
LIABILITIES				
Current liabilities	\$ 5,105,519	\$ 4,238,616	\$ 866,903	20 %
Revenue bonds payable from restricted assets	2,462,000	3,068,000	(606,000)	(20) %
Other noncurrent liabilities	<u>14,046,887</u>	<u>16,914,934</u>	<u>(2,868,047)</u>	(17) %
Total Liabilities	21,614,406	24,221,550	(2,607,144)	(11) %
Deferred Inflows of Resources	2,438,408	1,627,541	810,867	50 %
NET POSITION				
Net investment in capital assets	153,995,238	144,238,224	9,757,014	7 %
Restricted	8,590	7,697	893	12 %
Unrestricted	<u>19,762,038</u>	<u>9,334,874</u>	<u>10,427,164</u>	112 %
Total Net Position	<u>173,765,866</u>	<u>153,580,795</u>	<u>20,185,071</u>	13 %
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 197,818,680</u>	<u>\$ 179,429,886</u>	<u>\$ 18,388,794</u>	10 %

PORT OF SOUTH LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
April 30, 2022

Total liabilities decreased by approximately \$2.6 million. The decrease in liabilities is mainly a result of a decrease in other noncurrent payables related to other post-employment benefits payable.

Net position increased by approximately \$20.2 million as explained in the following section. Net position invested in capital assets reflect fixed assets, net of accumulated depreciation, net of debt balance for capital leases. Restricted assets reflect assets restricted by a donor and/or contractual agreements for specific purposes.

CHANGE IN NET POSITION

The increase in net position for the year ended April 30, 2022 was approximately \$20.2 million as compared to an increase in net position of approximately \$19.2 million for the year ended April 30, 2021. The current year increase resulted primarily from capital contributions of approximately \$16.8 million for the construction of the administration building, Dow project and dock improvements, combined with a gain on impairment of assets of approximately \$7.3 million, then offset by a loss on disposition of assets of approximately \$3.8 million and non-operating hurricane repair of approximately \$1.5 million. The pension and OPEB expenses were reduced due to the change in assumptions and actual vs. estimated return on investments. Operating expenses include approximately \$4.5 million of depreciation expense. The changes in net position are detailed in Table A-2.

PORT OF SOUTH LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
April 30, 2022

Table A-2
PORT OF SOUTH LOUISIANA
Statements of Revenues, Expenses and Changes in Net Position
April 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>	<u>Variance</u>	<u>Percent Variance</u>
OPERATING REVENUES				
Dockage, net	\$ 3,374,823	\$ 2,775,869	\$ 598,954	22 %
Harbor fees, anchorage and barge fleeting	4,934,867	5,008,044	(73,177)	(1) %
Wharfage	1,165,432	1,165,432	-	0 %
Foreign trade zone income	197,000	197,000	-	0 %
Rentals	6,847,779	5,878,433	969,346	16 %
Sheddage and other	<u>875,192</u>	<u>697,282</u>	<u>177,910</u>	26 %
Total Operating Revenues	17,395,093	15,722,060	1,673,033	11 %
OPERATING EXPENSES				
Salaries and employee benefits	4,944,880	5,280,198	(335,318)	(6) %
Depreciation	4,416,528	3,889,204	572,324	15 %
Insurance	1,411,192	1,030,539	380,653	37 %
Maintenance and repairs	1,553,861	1,263,297	245,564	19 %
Port planning and development	257,676	260,603	(2,927)	(1) %
Administrative and other	<u>3,105,030</u>	<u>2,712,722</u>	<u>392,308</u>	14 %
Total Operating Expenses	<u>15,689,167</u>	<u>14,436,563</u>	<u>1,252,604</u>	9 %
Operating Income	1,705,926	1,285,497	420,429	33 %
NON-OPERATING REVENUES (EXPENSES)	<u>1,673,307</u>	<u>(124,807)</u>	<u>1,798,114</u>	144 %
NET INCOME BEFORE CAPITAL CONTRIBUTIONS	3,379,233	1,160,690	2,218,543	191 %
CAPITAL CONTRIBUTIONS	<u>16,805,838</u>	<u>18,024,864</u>	<u>(1,219,026)</u>	(7) %
CHANGE IN NET POSITION	20,185,071	19,185,554	999,517	5 %
NET POSITION, BEGINNING OF YEAR	<u>153,580,795</u>	<u>134,395,241</u>	<u>19,185,554</u>	14 %
NET POSITION, END OF YEAR	<u>\$ 173,765,866</u>	<u>\$ 153,580,795</u>	<u>\$ 20,185,071</u>	13 %

PORT OF SOUTH LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
April 30, 2022

Operating revenues increased by 11% to approximately \$17.4 million in fiscal year 2022. This is primarily due to an increase in dockage and rental revenues.

Operating expenses increased by 9% to approximately \$15.7 million in fiscal year 2022. The increase in expenses is mainly related to the increase in depreciation expense, insurance expense and maintenance & repairs expense. Salaries and employee benefits experienced a 6% decrease. This decrease is mainly due to a decrease in employee retirement benefit and OPEB expenses as a result of changes in actuarial assumptions and actual performance of investments within LASERS and the Office of Group Benefits, respectively, as compared to 2021.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Asset Administration

The Port's investment in capital assets approximated \$157.2 million, net of accumulated depreciation. This investment consists principally of land, buildings and docks, equipment, and vehicles. The Port currently has several ongoing construction projects.

Debt Administration

The Port's debt consists of revenue bonds payable relating to financing the acquisition, construction and other expenses related to the extension of the general cargo dock at the Globalplex facility.

CONTACTING THE PORT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our patrons and other interested parties with a general overview of the Port's finances and to demonstrate the Port's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Port of South Louisiana at (985) 652-9278.

PORT OF SOUTH LOUISIANA

STATEMENTS OF NET POSITION

April 30, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 31,050,915	\$ 19,915,246
Certificates of deposit	507,908	507,908
Investments	6,160,075	6,155,193
Accrued interest receivable	318	55
Accounts receivable, net of \$2,544 and \$2,544 allowance for doubtful accounts	1,349,409	2,307,908
Prepaid expenses and other	<u>7,341</u>	<u>104,912</u>
TOTAL CURRENT ASSETS	39,075,966	28,991,222
RESTRICTED ASSETS		
Cash	893	-
Accrued interest receivable	<u>7,697</u>	<u>7,697</u>
TOTAL RESTRICTED ASSETS	8,590	7,697
PROPERTY AND EQUIPMENT - NET	157,239,985	148,066,965
OTHER ASSETS	<u>654</u>	<u>-</u>
TOTAL ASSETS	196,325,195	177,065,884
DEFERRED OUTFLOWS OF RESOURCES		
Difference between expected and actual experience related to OPEB plan	51,950	70,504
Changes in assumptions related to OPEB calculation	448,975	28,809
Contributions subsequent to measurement date to the pension plan	836,723	831,932
Net difference between projected and actual earnings on pension plan investments	6,040	1,402,068
Changes in assumptions related to pension calculation	<u>149,797</u>	<u>30,689</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,493,485</u>	<u>2,364,002</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 197,818,680</u>	<u>\$ 179,429,886</u>

PORT OF SOUTH LOUISIANA
STATEMENTS OF NET POSITION - Continued
April 30, 2022 and 2021

LIABILITIES	<u>2022</u>	<u>2021</u>
CURRENT LIABILITIES		
Payable from current assets:		
Accounts payable and other accrued expenses	\$ 2,820,325	\$ 1,942,214
Accrued salaries and vacation	450,457	473,019
Retainage payable	782,198	792,850
Unearned rent, deposits and other liabilities	<u>269,792</u>	<u>269,792</u>
TOTAL CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS	4,322,772	3,477,875
Payable from restricted assets:		
Current portion of revenue bonds payable from restricted assets	755,000	728,000
Accrued interest payable	<u>27,747</u>	<u>32,741</u>
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	<u>782,747</u>	<u>760,741</u>
TOTAL CURRENT LIABILITIES	5,105,519	4,238,616
NONCURRENT LIABILITIES		
Revenue bonds payable from restricted assets	2,462,000	3,068,000
Pension payable	6,115,633	9,591,328
OPEB payable	<u>7,931,254</u>	<u>7,323,606</u>
TOTAL NONCURRENT LIABILITIES	<u>16,508,887</u>	<u>19,982,934</u>
TOTAL LIABILITIES	21,614,406	24,221,550
DEFERRED INFLOWS OF RESOURCES		
Changes in assumptions related to OPEB calculation	522,744	938,158
Difference between expected and actual experience related to OPEB plan	489,475	92,112
Difference between expected and actual experience related to pension plan	<u>1,426,189</u>	<u>597,271</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,438,408</u>	<u>1,627,541</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	24,052,814	25,849,091
NET POSITION		
Net investment in capital assets	153,995,238	144,238,224
Restricted	8,590	7,697
Unrestricted	<u>19,762,038</u>	<u>9,334,874</u>
TOTAL NET POSITION	<u>173,765,866</u>	<u>153,580,795</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 197,818,680</u>	<u>\$ 179,429,886</u>

PORT OF SOUTH LOUISIANA
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Years Ended April 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Dockage, net	\$ 1,748,870	\$ 1,281,340
Harbor fees, anchorage and barge fleeting income	4,934,867	5,008,044
Foreign trade zone income	197,000	197,000
Rentals	5,306,869	4,288,136
Miscellaneous	395,235	231,400
Globalplex revenues:		
Dockage	1,625,953	1,494,529
Wharfage	1,165,432	1,165,432
Rentals	1,540,910	1,590,297
Sheddage and other	<u>479,957</u>	<u>465,882</u>
TOTAL OPERATING REVENUES	17,395,093	15,722,060
OPERATING EXPENSES		
Administration	27,000	26,878
Auditing	73,635	60,866
Bank fees	35	969
Building services	66,594	66,279
Computer software	38,980	30,482
Commission meetings	32,177	38,974
Conventions	88,609	7,459
Delivery charges	1,089	922
Depreciation	4,416,528	3,889,204
Dues	60,330	57,679
Employee benefits	1,072,318	1,397,799
Engineering fees	161,774	88,777
Equipment rentals	28,842	29,451
Fuel	194,631	127,470
Insurance	1,411,192	1,030,539
Legal fees	673,401	379,777
Maintenance and repairs	1,553,861	1,263,297
Management services - Globalplex	18,805	19,390
Medical expense	2,842	1,090
Mileage	2,125	1,410
Permits and license fees	20,223	28,290
Port planning and development	257,676	260,603

PORT OF SOUTH LOUISIANA
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION - Continued
Years Ended April 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
OPERATING EXPENSES (Continued)		
Postage	384	677
Printing	3,331	2,258
Professional fees	751,808	886,619
Publishing	3,324	3,521
Salaries	3,869,720	3,881,309
Security	231,336	257,368
Subscriptions	7,676	6,258
Supplies	68,145	59,849
Telephone	87,200	88,377
Training	3,000	2,320
Uniforms	22,256	22,237
Utilities	<u>438,320</u>	<u>418,165</u>
 TOTAL OPERATING EXPENSES	 <u>15,689,167</u>	 <u>14,436,563</u>
 OPERATING INCOME	 1,705,926	 1,285,497
NON-OPERATING REVENUES (EXPENSES)		
Interest earned on investments	12,809	33,011
Interest expense - Globalplex	(121,035)	(140,684)
Gain on insurance recoveries, net of impairment of assets	7,284,225	-
Loss on disposition of assets	(3,816,027)	-
Hurricane expenses	(1,516,346)	-
Misappropriation, net of insurance recoveries	(170,319)	-
Return of excess funds	<u>-</u>	<u>(17,134)</u>
 TOTAL NON-OPERATING REVENUES (EXPENSES)	 <u>1,673,307</u>	 <u>(124,807)</u>
NET INCOME BEFORE CAPITAL CONTRIBUTIONS	3,379,233	1,160,690
Capital Contributions	<u>16,805,838</u>	<u>18,024,864</u>
 CHANGES IN NET POSITION	 20,185,071	 19,185,554
NET POSITION		
BEGINNING OF YEAR	<u>153,580,795</u>	<u>134,395,241</u>
END OF YEAR	<u>\$ 173,765,866</u>	<u>\$ 153,580,795</u>

PORT OF SOUTH LOUISIANA

STATEMENTS OF CASH FLOWS

Years Ended April 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 18,353,592	\$ 16,084,176
Receipts from other sources	-	654
Payments to other sources	(654)	(415,432)
Payments to suppliers	(5,352,077)	(6,020,510)
Payments to employees and related benefits	(6,154,105)	(6,106,803)
NET CASH PROVIDED BY OPERATING ACTIVITIES	6,846,756	3,542,085
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Insurance proceeds – noncapital	250,000	-
Payments for noncapital disaster recovery expenses	(1,516,346)	-
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	(1,266,346)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments on grant anticipation notes and revenue bonds payable	(579,000)	(561,000)
Interest paid	(126,029)	(145,522)
Proceeds from contributed capital	16,805,838	18,024,864
Net of acquisitions, dispositions and transfers of fixed assets and construction in progress	(21,791,669)	(20,618,593)
Return of excess funds	-	(17,134)
Increase (decrease) in grants receivable	-	166,320
Insurance proceeds – capital	11,250,000	-
Retainage payable	(10,652)	308,573
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	5,548,488	(2,842,492)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in investments	(4,882)	2,987,892
Investment income received	12,546	33,933
NET CASH PROVIDED BY INVESTING ACTIVITIES	7,664	3,021,825
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,136,562	3,721,418
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	19,915,246	16,193,828
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 31,051,808	\$ 19,915,246

PORT OF SOUTH LOUISIANA
STATEMENTS OF CASH FLOWS - Continued
Years Ended April 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents include:		
Cash and cash equivalents	\$ 31,050,915	\$ 19,915,246
Restricted assets:		
Restricted cash	<u>893</u>	<u>-</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 31,051,808</u>	<u>\$ 19,915,246</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	\$ 1,705,926	\$ 1,285,497
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	4,416,528	3,889,204
Changes in assets, deferred outflows, liabilities, and deferred inflows:		
Accounts receivable	958,499	362,116
Prepaid expenses and other	97,571	(15,658)
Other assets	(654)	654
Deferred outflows of resources	870,517	(1,061,441)
Accounts payable	878,111	(737,691)
Accrued expenses	(22,562)	15,884
Unearned rent, deposits and other liabilities	-	(415,432)
OPEB payable	607,648	407,604
Pension liability	(3,475,695)	411,950
Deferred inflows of resources	<u>810,867</u>	<u>(600,602)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 6,846,756</u>	<u>\$ 3,542,085</u>

PORT OF SOUTH LOUISIANA

NOTES TO FINANCIAL STATEMENTS

April 30, 2022 and 2021

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Port of South Louisiana (the "Port") is an independent political subdivision of the State of Louisiana, which is authorized by Louisiana Revised Statutes 34:2471. The Port is governed by a Board of Commissioners (the "Board") consisting of nine members appointed for a four-year term as follows:

- The parish presidents, with concurrence of 2/3 of the members of the respective parish councils of each of the parishes of St. Charles, St. James and St. John the Baptist, appoint one resident commissioner each.
- Six resident members (two from each parish) or chief executive officers of a business which is principally operated within each parish are appointed by the Governor of the State of Louisiana.

The Board has all the powers and privileges granted to it by the constitution and statutes of the State of Louisiana including, but not limited to, the authority to incur debt, to issue bonds, to construct and maintain wharves and landings, and to charge fees for the use of the wharves and other facilities administered by the Port.

The Port prepares its financial statements in accordance with standards issued by the Governmental Accounting Standards Board (GASB). The Port is reported as a stand-alone entity as defined by GASB Statement No. 14, as amended by GASB Statement No. 61, "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.

Basis of Presentation - Fund Accounting

The Port's operations are accounted for in a proprietary fund type - the enterprise fund. The proprietary fund type is accounted for using the flow of economic resources measurement focus. With this measurement focus all assets and liabilities associated with the operations are included on the statement of net position. Fund equity is segregated into contributed capital and net position. The operating statement presents increases (revenues) and decreases (expenses) in net total position.

The Port's operations are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. The measurement focus emphasizes the determination of net income.

PORT OF SOUTH LOUISIANA
NOTES TO FINANCIAL STATEMENTS - Continued
April 30, 2022 and 2021

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

Basis of Presentation - Fund Accounting (continued)

The Port follows the accrual basis of accounting for its proprietary fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

New Pronouncements

During the year ended April 30, 2022, the Port adopted GASB Statement No. 89 – “Accounting for Interest Cost Incurred before the End of a Construction Period”. The implementation of the standard did not have an affect the Port’s financials statements or disclosures.

The Port is in the process of analyzing GASB Statement No. 87 – “Leases,” which requires recognition of certain lease assets and liabilities for leases that are currently classified as operating leases. The Port is reviewing the effect, if any, the statement will have on its financial statements for the next fiscal year.

The Port is in the process of analyzing GASB Statement No. 91 – “Conduit Debt Obligations,” which aims to provide a single method of reporting conduit debt obligations by issuers. The Port is reviewing the effect, if any, the statement will have on its financial statements for the next fiscal year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Investments and Restricted Assets

Restricted and unrestricted investments of the Port, substantially all of which have original maturities of one year or less, are recorded at fair value. Fair value is based on quoted market prices. Restricted assets are deposits received and/or made by the Port prior to payment due to the bondholders on the revenue bonds and grant anticipation notes payables.

Intangible Assets

Intangible assets include easements, computer software, patents, copyrights, trademarks and goodwill. The Port does not currently have any reportable intangible assets that meet the capitalization threshold for intangible assets since the implementation of GASB Statement No. 51 “Accounting and Reporting for Intangible Assets”.

PORT OF SOUTH LOUISIANA
NOTES TO FINANCIAL STATEMENTS - Continued
April 30, 2022 and 2021

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

Property and Equipment

Property constructed or acquired by purchase is stated at cost. Donated property is stated at the estimated fair value on the date received. Depreciation is computed using the straight-line method over the following estimated useful lives.

Docks, barges and other facilities	5 - 50 years
Boats	10 - 30 years
Equipment and furniture	3 - 40 years
Buildings	7 - 40 years

The Port's policy is to capitalize construction period interest, if any. For fixed assets purchased with externally restricted debt, capitalized interest is the difference between interest expense and interest earnings on invested proceeds of the debt. The capitalization period begins with the date of borrowing. Maintenance and repairs are charged to expenses when incurred.

Long-Term Obligations

Long-term obligations include revenue bonds used to provide capital for construction projects in the three-parish area.

Contributed Capital and Net Position

Contributed capital includes various grants from the State of Louisiana as well as other state and federal departments. Net position represents the amount of accumulated earnings related since the beginning of operations.

Non-Operating Income and Expenses

Non-operating income and expenses are items that are not derived from normal port activities such as gain or loss on impairment of assets related to damages caused by hurricanes, gain or loss on disposition of assets, misappropriation, net of insurance recoveries, or interest income or expense.

Compensated Absences

Employees of the Port are covered by the State of Louisiana civil service regulations and, as such, accumulate sick and annual leave in accordance with varying rates stipulated under these regulations. Upon termination and/or retirement, unused vacation not to exceed 300 hours is paid to the employee at the employee's current rate of pay. At retirement, unused vacation in excess of 300 hours and unused sick leave is considered in computing the years of service for retirement.

PORT OF SOUTH LOUISIANA
 NOTES TO FINANCIAL STATEMENTS - *Continued*
 April 30, 2022 and 2021

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

Compensated Absences (continued)

benefit purposes. The Port's liabilities for sick leave of \$1,697,617 and \$1,835,284 as of April 30, 2022 and 2021, respectively, have not been accrued because the employees are not entitled to it upon termination.

Statements of Cash Flows

For purposes of the statements of cash flows, cash and cash equivalents consist of demand deposits with banks and money market mutual funds.

NOTE 2 - CASH AND INVESTMENTS

Cash and Cash Equivalents

At April 30, 2022, the book balance of the Port's total cash and certificates of deposit, including unrestricted deposits totaled \$31,559,716; the bank balance totaled \$31,615,672. Of the bank balance, \$950,000 was covered by federal deposit insurance, \$30,662,320 was covered by collateral held by the bank's agent and pledged in the Port's name, and \$3,352 was unsecured money market deposits.

At April 30, 2021, the book balance of the Port's total cash and certificates of deposit, including unrestricted deposits totaled \$20,423,154; the bank balance totaled \$20,622,224. Of the bank balance, \$950,003 was covered by federal deposit insurance, \$19,668,869 was covered by collateral held by the bank's agent and pledged in the Port's name, and \$3,352 was unsecured money market deposits.

April 30, 2022:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Covered by federal depository insurance	\$ 500,000	\$ 450,000	\$ 950,000
Collateralized with securities held by the pledging institution's trust department or agent, in the Port's name	30,604,412	57,908	30,662,320
Uncollateralized, including securities held by the pledging institution or its agent but not in the Port's name	<u>3,352</u>	<u>-</u>	<u>3,352</u>
Total bank balance	<u>\$ 31,107,764</u>	<u>\$ 507,908</u>	<u>\$ 31,615,672</u>

PORT OF SOUTH LOUISIANA
 NOTES TO FINANCIAL STATEMENTS - Continued
 April 30, 2022 and 2021

NOTE 2 - CASH AND INVESTMENTS (Continued)

Cash and Cash Equivalents (continued)

April 30, 2021:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Covered by federal depository insurance	\$ 500,003	\$ 450,000	\$ 950,003
Collateralized with securities held by the pledging institution's trust department or agent, in the Port's name	19,610,961	57,908	19,668,869
Uncollateralized, including securities held by the pledging institution or its agent but not in the Port's name	<u>3,352</u>	<u>-</u>	<u>3,352</u>
Total bank balance	<u>\$ 20,114,316</u>	<u>\$ 507,908</u>	<u>\$ 20,622,224</u>

The following is a breakdown by banking institution and amount of the balances shown above:

<u>Banking Institution</u>	<u>2022 Amount</u>	<u>2021 Amount</u>
1. Regions Bank	\$ 25,999,291	\$ 15,010,920
2. Edward Jones	3,352	3,352
3. Community Bank	200,000	200,000
4. First National Bank, USA	4,367,817	4,365,793
5. Investar Bank	1,045,212	1,042,156
6. Iberia Bank	<u>-</u>	<u>3</u>
Total bank balance – all deposits	<u>\$ 31,615,672</u>	<u>\$ 20,622,224</u>

Of the total bank balance at April 30, 2022, approximately \$8.4 million is being held for future repairs due to damages caused by Hurricane Ida. See NOTE 3 for more information.

Custodial Credit Risk - Deposits

In the case of deposits, there is a risk that in the event of a bank failure, the Port's deposits may not be returned to it. As of April 30, 2022, and 2021, \$3,352 and \$3,352, respectively, of the Port's bank balances of \$31,615,672 and \$20,622,224 were exposed to custodial credit risk because they were uninsured and uncollateralized.

PORT OF SOUTH LOUISIANA
 NOTES TO FINANCIAL STATEMENTS - *Continued*
 April 30, 2022 and 2021

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investments

The Port may invest idle funds as authorized by Louisiana Statutes, as follows:

- a. United States bonds, treasury notes, certificates, or any other federally insured investment.
- b. Time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana.
- c. Mutual or trust funds, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940 and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies.

Custodial Credit Risk - Investments

Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the Port will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Port's investment policy requires that all repurchase agreement investments be fully collateralized and held by the counterparty's trust department or agent in the Port's name.

Investments in external investment pools, mutual funds, and other pooled investments are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission. The Port did not hold any investments that were exposed to custodial credit risk (not registered in the entity's name) in 2022 or 2021.

All investments are carried at Fair Value.

	2022	2021
Unrestricted investments:		
Louisiana Asset Management Pool, Inc.	\$ 6,160,075	\$ 6,155,193
	\$ 6,160,075	\$ 6,155,193

PORT OF SOUTH LOUISIANA
NOTES TO FINANCIAL STATEMENTS - Continued
April 30, 2022 and 2021

NOTE 2 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Investments (continued)

Investments held at April 30, 2022 and 2021 include \$6,160,075 and \$6,155,193, respectively, in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP at April 30, 2022 and 2021 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(l)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The weighted average maturity method of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. LAMP is rated AAAm by Standard & Poor's.

LAMP, Inc. is subject to the regulatory oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company. Audited financial statements for LAMP can be found at www.lamppool.com.

PORT OF SOUTH LOUISIANA
NOTES TO FINANCIAL STATEMENTS - Continued
April 30, 2022 and 2021

NOTE 2 - CASH AND INVESTMENTS (Continued)

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of investments. The Port's investment policy limits interest rate risk by generally limiting maturities of its investments to shorter term securities, money market mutual funds, or similar investment pools as well as structuring the investment portfolio so that securities meet cash requirements for ongoing operations.

Credit Risk and Concentration of Credit Risk

The credit risk of investments is the risk that an issuer or other counterparty will not meet its obligations. This credit risk is measured by credit quality ratings as described by ratings agencies such as Standard & Poor's (S&P) and Moody's. The concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in mutual funds, or external investment pools). The Port's investment policy does not place a limit on the amount the Port may invest in any one issuer. At April 30, 2022 and 2021, the Port did not have any investment exposure to credit risk.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at April 30:

	2022			
	05/01/21	Additions	Deletions	04/30/22
Land	\$ 30,136,628	\$ -	\$ -	\$ 30,136,628
Building, docks and equipment	11,586,964	13,409,263	(21,762)	24,974,465
Globalplex buildings, docks and equipment	115,369,302	18,252,207	(8,492,177)	125,129,332
Airport infrastructure and equipment	14,059,814	226,014	(73,828)	14,212,000
Construction in progress	<u>32,693,018</u>	<u>20,156,539</u>	<u>(31,531,437)</u>	<u>21,318,120</u>
Total property and equipment	203,845,726	52,044,023	(40,119,204)	215,770,545
Less accumulated depreciation	<u>(55,778,761)</u>	<u>(4,416,528)</u>	<u>1,664,729</u>	<u>(58,530,560)</u>
Property and equipment, net	<u>\$148,066,965</u>	<u>\$47,627,495</u>	<u>\$ (38,454,475)</u>	<u>\$ 157,239,985</u>

Of the \$20,156,539 of 2022 construction in progress additions, \$12,752,908 was funded through the State of Louisiana Facility Planning & Control and Port Priority programs.

PORT OF SOUTH LOUISIANA
NOTES TO FINANCIAL STATEMENTS - Continued
April 30, 2022 and 2021

NOTE 3 - PROPERTY AND EQUIPMENT (Continued)

	2021			
	05/01/20	Additions	Deletions	04/30/21
Land	\$ 30,141,628	\$ -	\$ (5,000)	\$ 30,136,628
Building, docks and equipment	11,899,532	30,458	(343,026)	11,586,964
Globalplex buildings, docks and equipment	115,315,378	472,355	(418,431)	115,369,302
Airport infrastructure and equipment	11,527,587	2,534,927	(2,700)	14,059,814
Construction in progress	<u>15,136,704</u>	<u>20,568,609</u>	<u>(3,012,295)</u>	<u>32,693,018</u>
Total property and equipment	184,020,829	23,606,349	(3,781,452)	203,845,726
Less accumulated depreciation	<u>(52,683,253)</u>	<u>(3,889,204)</u>	<u>793,696</u>	<u>(55,778,761)</u>
Property and equipment, net	<u>\$131,337,576</u>	<u>\$19,717,145</u>	<u>\$ (2,987,756)</u>	<u>\$ 148,066,965</u>

Of the \$20,568,609 of 2021 construction in progress additions, \$15,609,560 was funded through the State of Louisiana Facility Planning & Control and Port Priority programs.

Impairment of Property and Equipment

On August 29, 2021, Hurricane Ida made landfall and caused unprecedented devastation to Southeast Louisiana. Many Port properties sustained damage ranging from minimal damage to total loss of the structure. A majority of these properties were fully depreciated and no longer had any value on the Statement of Net Position. In accordance with GASB Codification Section 1400, the Port reviewed the properties damaged to identify potential impairments caused by Hurricane Ida and further tested for impairment. The impairment loss is calculated using the Restoration Cost Approach and is presented as a reduction in the value of capital assets on the Statement of Net Position. The loss is netted as a non-operating item on the Statement of Revenues, Expenses and Changes in Fund Net Position with insurance proceeds, which resulted in an impairment gain for 2022 in the amount of \$7,284,225. The remaining carrying value for those assets for which the gain was incurred was \$51,686,165, of which one building with a net book value of \$0 remained idle as of April 30, 2022.

NOTE 4 - LONG-TERM DEBT

Long-term debt consists of the following at April 30:

	2022	2021
Bonded debt – revenue bonds	\$ 3,217,000	\$ 3,796,000
Less current portion	<u>(755,000)</u>	<u>(728,000)</u>
Total long-term portion	<u>\$ 2,462,000</u>	<u>\$ 3,068,000</u>

PORT OF SOUTH LOUISIANA
NOTES TO FINANCIAL STATEMENTS - Continued
April 30, 2022 and 2021

NOTE 4 - LONG-TERM DEBT (Continued)

During the year ended April 30, 2012, the Port issued revenue bonds in the amount of \$8,000,000 for the purpose of financing a portion of the acquisition, construction, equipping and installation of an extension of the general cargo dock at the Globalplex facility. The bonds are payable in semi-annual installments of principal and interest of \$138,000 to \$352,986 through February 1, 2027. The interest rate on the bonds is 3.45%. As of April 30, 2022, and 2021, the remaining principal balance of the bonds was \$3,217,000 and \$3,796,000, respectively.

Debt service requirements, including interest of \$136,220, for outstanding revenue bonds payable were as follows as of April 30, 2022.

<u>April 30,</u>	<u>Revenue Bonds Payable</u>
2023	\$ 706,662
2024	705,583
2025	705,805
2026	705,750
2027	<u>529,420</u>
	<u>\$ 3,353,220</u>

NOTE 5 - DOCKAGE AND HARBOR FEES

Dockage fee revenues are not dedicated to provide specific services, but are available to fund the operations of the Port. Harbor fees are dedicated to the providing of services to the vessels which use the Port and to the facilities located therein in the interest of public welfare and safety. Such funds may be appropriated by the Port for such purposes as to assist in defraying the administration and maintenance of the Port, including the supervision of the shipping of the Port, with the view of preventing collision and fires, policing the river and river front, the operation of one or more craft in the Port to aid vessels or persons in distress, and to aid in extinguishing fires in vessels and equipment and their cargo aboard such vessels, or upon wharves and other facilities of the Port.

NOTE 6 - CONCENTRATION

Billings for the four largest facility operators represent 56% and 66% of total gross dockage revenues for the years ended April 30, 2022 and 2021.

PORT OF SOUTH LOUISIANA
NOTES TO FINANCIAL STATEMENTS - Continued
April 30, 2022 and 2021

NOTE 7 - RETIREMENT PLAN

General Information about the Pension Plan

Plan Description – Substantially all of the Port’s employees are required to participate in the Louisiana State Employees’ Retirement System (“LASERS”) – a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees and established by Title 11, Section 401 of the Louisiana Revised Statutes of 1950. LASERS issues a publicly available financial report that can be obtained at www.lasersonline.org. The report may also be obtained by writing to the Louisiana Employees Retirement System, P.O. Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600.

Benefits Provided – The age and years of creditable service required in order for a member to retire with full benefits are established by statute and may vary depending on the member’s hire date, employer, and job classification. The 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 hired 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.

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. As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

PORT OF SOUTH LOUISIANA
NOTES TO FINANCIAL STATEMENTS - Continued
April 30, 2022 and 2021

NOTE 7 - RETIREMENT PLAN (Continued)

General Information about the Pension Plan: (continued)

Contributions – Contribution rates are established annually under LRS 11:101 – 11:104 by the Public Retirement Systems’ Actuarial Committee (PRSAC), taking into consideration the recommendation of LASER’s actuary. Rates are different for each class of members; however, the Port’s contractually required contribution rate for the year ended April 30, 2022 was 40.1%. Employees are required to contribute 7.5% of their annual pay if they were hired before July 1, 2006 and 8.0% if they were hired after July 1, 2006. Contributions to LASERS from the Port were \$836,723, \$998,319, and \$1,020,485 for the years ended April 30, 2022, 2021 and 2020, respectively.

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

At April 30, 2022, the Port reported a liability of \$6,115,633 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Port’s proportion of the net pension liability was based on a projection of the Port’s April 30, 2022 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the Port’s proportion was 0.11111%, which was a decrease of 0.00486% from its proportion measured as of June 30, 2020.

For the year ended April 30, 2022, the Port recognized pension expense of \$66,547. At April 30, 2022, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 6,040	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,426,189
Changes in assumptions	149,797	-
Contributions subsequent to the measurement date	836,723	-
	<u>\$ 992,560</u>	<u>\$ 1,426,189</u>

At April 30, 2022, the Port reported \$836,723 as deferred outflows of resources related to pensions resulting from the Port’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended April 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

PORT OF SOUTH LOUISIANA
NOTES TO FINANCIAL STATEMENTS - Continued
April 30, 2022 and 2021

NOTE 7 - RETIREMENT PLAN (Continued)

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

Year Ended:	
April 30, 2023	\$ (91,664)
April 30, 2024	(219,767)
April 30, 2025	(324,017)
April 30, 2026	(634,903)

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.3%		
Salary Increases	<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%
Investment Rate of Return	7.40%, Net of Investment Expense		

Mortality rates were based on the RP-2014 Healthy Mortality Table for healthy annuitants with mortality improvement projected using the MP-2018 Mortality Improvement Scale, applied on a fully generational basis, and the RP-2000 Disabled Retiree Mortality Tables for disabled annuitants with no projection for mortality improvement, as appropriate.

The actuarial assumptions used in the June 30, 2021 valuation was based on an experience study performed in 2018, which was based on the experience of LASERS for the period July 1, 2014 through June 30, 2018.

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 and an adjustment for the effect of rebalancing / diversification. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2021 are summarized in the following table:

PORT OF SOUTH LOUISIANA
NOTES TO FINANCIAL STATEMENTS - Continued
April 30, 2022 and 2021

NOTE 7 - RETIREMENT PLAN (Continued)

Actuarial Assumptions (continued)

<u>ASSET CLASS</u>	<u>Target Real Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash	0.00%	-0.29%
Domestic Equity	23.00%	4.09%
International Equity	32.00%	5.12%
Domestic Fixed Income	6.00%	0.49%
International Fixed Income	10.00%	3.94%
Alternative Investments	<u>29.00%</u>	<u>6.93%</u>
Total	<u>100.00%</u>	<u>5.81%</u>
Inflation		2.30%
Expected Arithmetic Nominal Return		7.61%

Discount Rate – The discount rate used to measure the total pension liability was 7.40%. 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 contributions from participating employers will be made at the actuarially determined rates approved by the PRSAC taking into consideration the recommendation of LASERS's actuary. Based on those assumptions, LASERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Port's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Port's proportionate share of the net pension liability calculated using the discount rate of 7.40%, as well as what the Port's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.40%) or one percentage-point higher (8.40%) than the current rate:

	<u>1.0% Decrease (6.40%)</u>	<u>Current Discount Rate (7.40%)</u>	<u>1.0% Increase (8.40%)</u>
Port's Proportionate Share of the Net Pension Liability	\$ 8,286,220	\$ 6,115,633	\$ 4,268,736

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS financial report.

Payables to the Pension Plan – As of April 30, 2022, the Port did not have any payables due to LASERS.

PORT OF SOUTH LOUISIANA
NOTES TO FINANCIAL STATEMENTS - Continued
April 30, 2022 and 2021

NOTE 8 - CONTINGENCIES AND UNCERTAINTIES

The Port is a party to legal proceedings incidental to its business. Certain claims, suits and complaints arising in the ordinary course of business have been filed or are pending against the Port. Future actions may occur that would affect the Port's liability.

NOTE 9 - CONDUIT DEBT

From time to time, the Port has issued Industrial Revenue Bonds to provide assistance for private-sector entities for Port-related projects that are deemed to be in the public interest. The Port is not obligated for repayment of the bonds. Accordingly, the bonds are not reported in the accompanying financial statements.

In 1997, the Port issued port facility revenue bonds, due January 1, 2027, for the purpose of financing the cost of acquiring, constructing and installing a project, consisting of certain dock, wharf and related storage facilities, in the amount of \$22,000,000 on behalf of Holcim, Inc. (the Company). The Company is responsible for the payment of these bonds which are secured by an irrevocable letter of credit.

In 2008, the Port issued port facility revenue bonds, due December 1, 2038, for the purpose of financing the cost of design, development, acquisition, construction, installation and equipping of a portion of docks and wharves and related facilities, in the amount of \$40,000,000 on behalf of Plains All American Pipeline, L.P. (the Company). The Company is responsible for the payment of these bonds which are secured by the holder and owner through the Indenture.

NOTE 10 - POST-EMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS

Plan Description

The Port provides post-employment health care and life insurance benefits for substantially all employees if they reach normal retirement age while working for the Port. The Port's employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan (for fiscal year 2022) that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The State administers the Plan through the Office of Group Benefits (OGB). LRS 42:801 - 883 assigns the authority to establish and amend benefit provisions of the Plan.

The OGB does not issue a publicly available financial report of the OPEB Plan; however, it is included in the State of Louisiana Annual Comprehensive Financial Report (ACFR). A copy of the ACFR may be obtained on the Office of Statewide Reporting and Accounting Policy's website at www.doa.louisiana.gov/osrap.

PORT OF SOUTH LOUISIANA
NOTES TO FINANCIAL STATEMENTS - Continued
April 30, 2022 and 2021

NOTE 10 - POST-EMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS
(Continued)

Funding Policy

The contribution requirements of plan members and the Port are established and may be amended by LRS 42:801- 883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage.

Employees Covered by Benefit Terms

At July 1, 2021, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefit payments	20
Active plan members	52
	72

Total OPEB Liability

The Port's total OPEB liability of \$7,931,254 was measured as of July 1, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.80%
Salary increases	Consistent with the pension valuation assumptions
Discount rate	2.66%, based on the June 30, 2021 S&P 20-year municipal bond rate index
Healthcare cost trend rates	Post-Medicare: 5.25% for 2020, thereafter decreasing .25% per year through 2024, to an ultimate rate of 4.5% for 2024 and later years Pre-Medicare: 6.75% grading down by .25% each year to an ultimate rate of 4.5% in 2029
Retiree's share of benefit-related costs	Baseline per capital costs (PCCs) were updated to reflect 2020 claims and enrollment and retiree contributions were updated based on 2021 premiums.
Actual cost method	Entry Age Normal, level percentage of pay
Estimated remaining service lives	4.50

PORT OF SOUTH LOUISIANA
NOTES TO FINANCIAL STATEMENTS - Continued
April 30, 2022 and 2021

NOTE 10 - POST-EMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS (Continued)

Actuarial Assumptions and Other Inputs (continued)

For healthy lives the RP-2014 Blue Collar Healthy Annuitant Table, adjusted by 1.280 for males and RP-2014 White Collar Healthy Annuitant Table, adjusted by 1.417 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2018 was used. For existing disabled lives, the RP-2000 Disabled Retiree Mortality Table, adjusted by 1.009 for males and 1.043 for females, not projected with mortality improvement was used.

The actuarial assumptions used by the pension plans covering the same participants were used for the retirement, termination, disability, and salary scale assumptions.

Changes in the Total OPEB Liability

Balance at April 30, 2021	\$ 7,323,606
Changes for the year:	
Service cost	213,973
Interest	198,780
Differences between expected and actual experience	(215,280)
Changes in assumptions and other inputs	540,313
Benefit payments	<u>(130,138)</u>
Net changes	<u>607,648</u>
 Balance at April 30, 2022	 <u>\$ 7,931,254</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.79% in 2020, the prior valuation, to 2.66% in 2021, the current valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Port, as well as what the Port's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.66%) or 1-percentage-point higher (3.66%) than the current discount rate:

	1.0% Decrease (1.66%)	Current Discount Rate (2.66%)	1.0% Increase (3.66%)
Total OPEB liability	<u>\$9,309,052</u>	<u>\$7,931,254</u>	<u>\$6,838,271</u>

PORT OF SOUTH LOUISIANA
 NOTES TO FINANCIAL STATEMENTS - *Continued*
 April 30, 2022 and 2021

NOTE 10 - POST-EMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Port, as well as what the Port's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.75% decreasing to 3.5%) or 1-percentage-point higher (7.75% decreasing to 5.5%) than the current healthcare cost trend rates:

	1.0% Decrease (5.75% decreasing to 3.5%)	Healthcare Cost Trend Rates (6.75% decreasing to 4.5%)	1.0% Increase (7.75% decreasing to 5.5%)
Total OPEB liability	\$6,827,326	\$7,931,254	\$9,335,995

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

For the year ended April 30, 2022, the Port recognized an OPEB benefit of \$416,487. At April 30, 2022, the Port reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,950	\$ 489,475
Changes in assumptions and other inputs	448,975	522,744
Total	\$ 500,925	\$ 1,012,219

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

Years Ending:	
April 30, 2023	\$ (485,348)
April 30, 2024	(168,740)
April 30, 2025	88,623
April 30, 2026	54,172

PORT OF SOUTH LOUISIANA
NOTES TO FINANCIAL STATEMENTS - Continued
April 30, 2022 and 2021

NOTE 11 - ST. JOHN THE BAPTIST PARISH AIRPORT

The Port has all rights and title to the St. John the Baptist Parish Airport. For the years ended April 30, 2022 and 2021, the Port incurred losses related to the operations of the Airport in the amount of \$391,850 and \$288,606, respectively. The Port received capital contributions by the State of Louisiana and grant funding from the Federal Aviation Administration totaling \$127,120 and \$269,951 for the years ended April 30, 2022 and 2021, respectively.

NOTE 12 - COMMISSIONERS COMPENSATION

In accordance with R.S. 34:2472 (D), the commissioners of the Port of South Louisiana receive per diem payments for attendance at officially called meetings or any subcommittee meetings of the board of commissioners. For the year ended April 30, 2022, the following per diem payments were made to the commissioners:

Commissioner:	Per Diem Payments
D. Paul Robichaux	\$ 4,058
Louis Joseph	3,441
Judy B. Songy	4,058
Katie Klibert	1,262
P. Joey Murray, III	3,698
Robbie LeBlanc	3,479
Ryan Burks	3,698
Stanley Bazile	3,736
Whitney Hickerson	4,399
	\$ 31,829

NOTE 13 - COMMITMENTS

The Port enters into various contracts in the normal course of its operations. No material commitments existed at April 30, 2022.

NOTE 14 - SUBSEQUENT EVENTS

The Port has evaluated subsequent events through the date the financial statements were available to be issued, which corresponds with the date of the independent auditors' report.

Subsequent to year end, the Port was awarded a grant of approximately \$1 million for cyber security upgrades to their computer system from the Department of Homeland Security Federal Emergency Management Agency.

No other material subsequent events have occurred since April 30, 2022, that require recognition or disclosure in the financial statements.

PORT OF SOUTH LOUISIANA

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

For the Years Ended April 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015

Fiscal Year	Employer's Proportion Share of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered Employee Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
04/30/22	0.111110%	\$ 6,115,633	\$ 3,410,608	179.3%	72.8%
04/30/21	0.115970%	\$ 9,591,328	\$ 3,849,639	249.1%	58.0%
04/30/20	0.126700%	\$ 9,179,378	\$ 3,796,589	241.8%	62.9%
04/30/19	0.149450%	\$ 10,192,040	\$ 3,838,283	265.5%	64.3%
04/30/18	0.153300%	\$ 10,790,808	\$ 3,121,510	345.7%	62.5%
04/30/17	0.155810%	\$ 12,234,904	\$ 2,944,000	415.6%	57.7%
04/30/16	0.141350%	\$ 9,613,662	\$ 3,024,970	317.8%	62.7%
04/30/15	0.141410%	\$ 8,842,276	\$ 3,088,800	286.3%	65.0%

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available. The amounts presented have a measurement date of the previous fiscal year.

PORT OF SOUTH LOUISIANA
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND
RELATED RATIOS AND NOTE TO THE SCHEDULE
For the Years Ended April 30, 2019 through 2022

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB Liability				
Service cost	\$ 304,612	\$ 291,855	\$ 215,699	\$ 213,973
Interest	284,864	247,726	197,164	198,780
Differences between expected and actual experience	(872,453)	(463,030)	89,058	(215,280)
Changes in assumptions and other inputs	(329,991)	(1,112,514)	36,390	540,313
Benefit payments	(183,864)	(137,283)	(130,707)	(130,138)
Net change in total OPEB liability	(796,832)	(1,173,246)	407,604	607,648
Total OPEB liability – beginning	<u>8,886,080</u>	<u>8,089,248</u>	<u>6,916,002</u>	<u>7,323,606</u>
Total OPEB liability – ending	<u>\$ 8,089,248</u>	<u>\$ 6,916,002</u>	<u>\$ 7,323,606</u>	<u>\$ 7,931,254</u>
Covered-employee payroll	\$ 3,838,283	\$ 3,796,589	\$ 3,849,639	\$ 3,410,608
Net OPEB liability as a percentage of covered-employee payroll	210.8%	182.2%	190.2%	232.5%

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

The actuarial valuation date differs from the financial reporting date. The actuarial valuations are as of July 1, 2021. An actuarial valuation is only required biennially.

Note to the Schedule:

Changes in assumptions and other inputs reflect a change in the discount rate from 2.98% in 2018 to 2.79% in 2019 and to 2.66% in 2020 and 2021.

PORT OF SOUTH LOUISIANA
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
For the Years Ended April 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution (Deficiency) Excess	Employer's Covered- Employee Payroll	Contribution as a Percentage of Covered-Employee Payroll
04/30/22	\$ 1,367,654	\$ 836,723	\$ (530,931)	\$ 3,410,608	24.53%
04/30/21	\$ 1,566,803	\$ 998,319	\$ (568,484)	\$ 3,849,639	25.93%
04/30/20	\$ 1,438,907	\$ 1,020,485	\$ (418,422)	\$ 3,796,589	26.88%
04/30/19	\$ 1,454,709	\$ 1,039,840	\$ (414,869)	\$ 3,838,283	27.09%
04/30/18	\$ 1,035,697	\$ 1,062,841	\$ 27,144	\$ 3,121,510	34.05%
04/30/17	\$ 1,053,952	\$ 1,066,651	\$ 12,699	\$ 2,944,000	36.23%
04/30/16	\$ 1,125,289	\$ 1,025,886	\$ (99,403)	\$ 3,024,970	33.91%
04/30/15	\$ 1,142,856	\$ 950,312	\$ (192,544)	\$ 3,088,800	30.77%

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available. The amounts presented have a measurement date of the previous fiscal year.

OTHER SUPPLEMENTARY INFORMATION

PORT OF SOUTH LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD

For the Year Ended April 30, 2022

Agency Head: Paul Aucoin, Executive Director
(May 1, 2021 – December 31, 2021)

Salary	\$ 174,642
Car allowance	8,500
Annual leave upon retirement	33,585
Benefits – insurance	7,471
Deferred compensation	5,768
Cell phone	363
Lodging	99
Airfare	473
Transportation	337
Registration / meeting fees	<u>420</u>
Total	<u>\$ 231,658</u>

Agency Head: Paul Matthews, Executive Director
(January 15, 2022 – April 30, 2022)

Salary	\$ 56,248
Car allowance	3,500
Benefits – insurance	3,724
Deferred compensation	1,212
Cell phone	463
Lodging	1,691
Airfare	2,977
Parking	74
Transportation	1,276
Meal allowance	1,110
Registration / meeting fees	<u>4,674</u>
Total	<u>\$ 76,949</u>



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

To the Board of Commissioners
Port of South 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 Port of South Louisiana (the Port), as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements, and have issued our report thereon dated October 11, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port'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 Port's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Port's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-001.

Port of South Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Port's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. 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.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
October 11, 2022

PORT OF SOUTH LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended April 30, 2022

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Assistance Listing Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
United States Department of Transportation, Federal Aviation Administration			
Direct Programs:			
Airport Improvement Program	20.106	3-22-0064-021-2021	\$ 30,780
COVID-19 - Airport Improvement Program - ACRGP	20.106	3-22-0064-023-2022	<u>32,000</u>
			62,780
United States Department of Homeland Security			
Passed through the Lower Mississippi River Port Wide Strategic Security Council:			
FY 2017 Port Security Grant Program	97.056	EMW-2017-PU-00018	52,632
FY 2018 Port Security Grant Program	97.056	EMW-2018-PU-00116	1,950
FY 2019 Port Security Grant Program	97.056	EMW-2019-PU-00026	21,223
FY 2020 Port Security Grant Program	97.056	EMW-2020-PU-00077	<u>281,350</u>
			357,155
Total Expenditures of Federal Awards			<u>\$ 419,935</u>

PORT OF SOUTH LOUISIANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended April 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The accompanying *Schedule of Expenditures of Federal Awards* includes the federal grant activity of the Port of South Louisiana and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – DE MINIMIS COST RATE

The Port did not elect to use the 10% de minimis cost rate as covered by Section 200.414 of the Uniform Guidance.

PORT OF SOUTH LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended April 30, 2022

I. SUMMARY OF AUDITORS' RESULTS

The type of report issued on the basic financial statements: unmodified.

- a. Significant deficiencies in internal control were disclosed by the audit of the financial statements: none reported; Material weaknesses: none.
- b. Noncompliance which is material to the financial statements: none.

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

2022-001

Criteria:

Management is responsible for developing safeguards to prevent the misappropriation of assets.

Condition:

During the year ended April 30, 2022, the Port was the victim of a cyber-attack. As a result of this attack, approximately \$420,319 was misappropriated from the Port. The Port was able to recover \$250,000 through insurance providers, and is still in the process of filing proofs of loss for additional insurance reimbursement for the loss. As required by law, the Port informed the St. John the Baptist Parish District Attorney's office and applicable law enforcement, including the Federal Bureau of Investigation (FBI).

Cause:

With new advanced computer technologies come new unprecedented threats. As a result, a cyber-attack occurred at the Port during the year ended April 30, 2022.

Effect:

The cyber-attack resulted in the misappropriation of cash.

Recommendation:

We recommend that management implement additional safeguards, such as third-party verification for electronic payment requests, and provide on-going training to staff related to cyber security.

Management's Response:

Management concurred with the recommendation. See management's corrective action plan.

PORT OF SOUTH LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended April 30, 2022

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None

SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None

Ryan Burks
Judy B. Songy
Robbie P. LeBlanc
Stanley Bazile
Whitney Hickman
Louis A. Joseph
Katie Gilbert
Joey Murray
D. Paul Robichaux
Paul Matthews,
Executive Director



October 11, 2022

CORRECTIVE ACTION PLAN
FINANCIAL STATEMENT – OTHER MATTERS
April 30, 2022

Louisiana State Legislative Auditor

Port of South Louisiana respectfully submits to you the following corrective action plan for the Financial Statement – Other Matters – for the year ended April 30, 2022.

Kushner LaGraize, LLC
Certified Public Accountants and Consultants
3330 W Esplanade Ave – Suite 100
Metairie, LA 70002

Audit period: May 01, 2021 – April 30, 2022

FINANCIAL STATEMENT – OTHER MATTERS

2022-001

Condition:

During the year ended April, 30, 2022, the Port was the victim of a cyber-attack. As a result of this attack, approximately \$420,319 was misappropriated from the Port. The Port was able to recover \$250,000 through insurance providers, and is still in the process of filing proofs of loss for additional insurance reimbursement for the loss. As required by law, the Port informed the St. John the Baptist Parish District Attorney's Office and applicable law enforcement, including the Federal Bureau of Investigation (FBI).

Recommendation:

We recommend that management implement additional safeguards, such as third-party verification for electronic payment request, and provide on-going training to staff related to cyber security.

Management's Response:

The Port concurs with the recommendation suggested by our auditors. The Port has implemented a third-party verification process which includes verifying information through a phone call with a representative of the requesting vendor. In addition, the Port is providing training to the staff to protect against future cyber-attacks.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To Mr. Paul Matthews and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period May 1, 2021 through April 30, 2022. The Port of South Louisiana's management is responsible for those C/C areas identified in the SAUPs.

The Port of South Louisiana (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 C/C areas identified in LLA's SAUPs for the fiscal period May 1, 2021 through April 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

I. 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:

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

We obtained the entity's written policies and procedures on budgeting and noted no exceptions.

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

We obtained the entity's written policies and procedures on purchasing and noted no exceptions.

- c) **Disbursements**, including processing, reviewing, and approving.

We obtained the entity's written policies and procedures on disbursements and noted no exceptions.

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

We obtained the entity's written policies and procedures on receipts/collections and noted no exceptions.

- e) **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(s) rate of pay or approval and maintenance of pay rate schedules.

We obtained the entity's written policies and procedures on payroll/personnel and noted no exceptions.

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

We obtained the entity's written policies and procedures on contracting and noted no exceptions.

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

We obtained the entity's written policies and procedures on credit cards and noted no exceptions.

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

We obtained the entity's written policies and procedures on travel and expense reimbursement and noted no exceptions.

- i) **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.

We obtained the entity's written policies and procedures covering ethics and noted the policies addressed all criteria noted above.

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

We obtained the entity's written policies and procedures on debt service and noted no exceptions.

- k) **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.

We obtained the entity's written policies and procedures on information technology disaster recovery/business continuity and noted no exceptions.

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

We obtained the entity's written policies and procedures on sexual harassment and noted no exceptions.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The Port's Commission met monthly, with a quorum present at each meeting, without exception.

- b) 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.

Noted the minutes referenced or included the budget-to-actual comparisons mentioned, without exception.

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

N/A – no negative ending unassigned fund balance in the prior year report.

Bank Reconciliations

- 3. 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:

- a) 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 included evidence that they were prepared within 2 months of the statement closing date, without exception.

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

Noted proper segregation of duties for the responsibilities listed above, without exception.

- c) 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.

N/A – no outstanding items greater than 12 months identified.

Collections (excluding electronic funds transfers)

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

Obtained listing of deposit sites for the fiscal period and management's representation that the listing is complete, without exception.

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

- a) Employees responsible for cash collections do not share cash drawers/registers.

Noted proper segregation of duties for the responsibilities listed above, without exception.

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

Noted proper segregation of duties for the responsibilities listed above, without exception.

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

Noted proper segregation of duties for the responsibilities listed above, without exception.

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

Noted proper segregation of duties for the responsibilities listed above, without exception.

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

Observed insurance policy covering all applicable employees, without exception.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

a) Observe that receipts are sequentially pre-numbered.

N/A – Due to the small volume of cash collections received, the Port does not utilize a system of sequentially pre-numbered receipts for their collections.

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

For all deposits examined, traced each to the deposit slip, without exception.

c) Trace the deposit slip total to the actual deposit per the bank statement.

For all deposits examined, traced each to the bank statement, without exception.

d) Observe 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).

For all deposits examined, noted that all were made within the proper time range, without exception.

e) Trace the actual deposit per the bank statement to the general ledger.

For all deposits examined, traced each from the bank statements to recording in the general ledger, without exception.

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

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

Obtained listing of locations that process payments for the fiscal period and management's representation that the listing is complete, without exception.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Noted proper segregation of duties for the responsibilities listed above, without exception.

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

Noted proper segregation of duties for the responsibilities listed above, without exception.

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

Noted proper segregation of duties for the responsibilities listed above, without exception.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Noted proper segregation of duties for the responsibilities listed above, without exception.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

Examined 5 disbursements noting each matched the original invoice, without exception.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Noted proper segregation of duties for each of the disbursements examined, without exception.

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

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

Obtained complete listing of all active credit cards for the fiscal period and management's representation that the listing is complete, without exception.

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

- a) Observe 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.

Noted each statement examined showed evidence of review and approval by appropriate personnel, without exception.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Noted no finance charges or late fees assessed on the statements examined.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

For all transaction examined, noted each was supported by the proper documentation as noted above, without exception.

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

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

We reviewed the travel reimbursements selected noting that the reimbursements were made in accordance with their policies and procedures which is to follow the State of Louisiana Travel Guide.

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

Noted all actual cost reimbursements were supported by an original itemized receipt, without exception.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Noted each reimbursement was supported by proper documentation, without exception.

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Noted each reimbursement examined showed evidence of review and approval by appropriate personnel, without exception.

Contracts

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

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

Examined 5 contracts noting each was properly bid in accordance with the Louisiana Public Bid Law, without exception.

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

All contracts were approved by the Board of Commissioners, without exception.

- c) If the contract was amended (e.g., change order), observe 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, was approval documented).

For any contracts/agreements that were amended, reviewed original agreement noting amendment was allowable, without exception.

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

Examined one payment for each contract tested noting all were in accordance with the contract, without exception.

Payroll and Personnel

16. 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 complete listing of all employees and officials employed during the fiscal period and management's representation that the listing is complete, without exception.

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

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

Noted each employee tested documented their daily attendance and leave, without exception.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

Noted all attendance and leave taken was approved by the employees' supervisor, without exception.

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

Noted all leave accrued or taken was properly reflected in the Port's cumulative records, without exception.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Noted authorized salary/pay rate for each individual tested agreed to their personnel file, without exception.

- 18. 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, 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 or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Examined 2 employees/officials who received termination payments during the period, noting each was in accordance with the Port's policies, agreed to the cumulative leave records, and was agreed to the employees' authorized salary/pay rate, without exception.

- 19. 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.

Per discussion with management, all employer and employee portions of third-party payroll related amounts have been properly paid and forms filed by the required deadline.

Ethics

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

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

Examined 5 employees noting each completed the required ethics training during the period, without exception.

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

Per management, there were no changes to the Port's ethics policies during the period.

Debt Service

21. 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 State Bond Commission approval was obtained for each debt instrument issued.

N/A – the Port issued no debt during the period.

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

We obtained a listing of bonds outstanding at the end of the fiscal year and management's representation that the listing is complete, without exception. We selected one bond and noted no exceptions during our testing.

Fraud Notice

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

Obtained listing, noting one instance of misappropriation of public funds, and management's representation that the listing was complete. Obtained supporting documentation on misappropriation and noted the Port notified the legislative auditor as well as law enforcement.

24. Observe 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.

Observed required notice on the Port's website and premises, without exception.

Information Technology Disaster Recovery/Business Continuity

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

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

Obtained and observed backup documentation listed above, noting no exceptions.

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

Obtained and examined backup documentation listed above, noting no exceptions.

- c) 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.

Observed 5 computers noting each had the requirements noted above, without exception.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Examined 5 employees noting each completed the required sexual harassment training during the period, without exception.

27. Observe 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).

Observed the sexual harassment policy and complaint procedure posted on the Port's website, without exception.

28. 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 it includes the applicable requirements of R.S. 42:344:

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

Obtained and examined the Port's annual sexual harassment report for the period noting all the information listed above is included, without exception, and the report was dated on or before February 1, 2022.

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

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

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

Kushner LaGraize, L.L.C.

Metairie, Louisiana
October 11, 2022