

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT**

FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2020

TABLE OF CONTENTS

| | <u>PAGE NO.</u> |
|---|-----------------|
| INDEPENDENT AUDITOR’S REPORT..... | 1 - 3 |
| REQUIRED SUPPLEMENTAL INFORMATION (PART I) | |
| Management's Discussion and Analysis..... | 4 – 10 |
| FINANCIAL STATEMENTS | |
| Statement of Net Position..... | 11 - 12 |
| Statement of Revenues, Expenses and Change in Net Position..... | 13 |
| Statement of Cash Flows..... | 14 - 15 |
| Notes to The Financial Statements..... | 16 - 52 |
| REQUIRED SUPPLEMENTAL INFORMATION (PART II) | |
| Schedule of Changes in Net OPEB Liability and Related Ratios | 53 |
| Schedule of Employer’s Proportionate Share of Net Pension Liability..... | 54 |
| Schedule of Employer’s Contributions..... | 55 |
| OTHER SUPPLEMENTAL INFORMATION | |
| Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer..... | 56 |
| COMPLIANCE AND INTERNAL CONTROL SECTION | |
| Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standard</i> | 57 - 58 |
| Schedule of Findings and Responses..... | 59 - 61 |
| Schedule of Prior Year Findings..... | 62 - 63 |
| Management’s Corrective Action Plan..... | 64 |

INDEPENDENT AUDITOR'S REPORT

Camnetar & Co., CPAs

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Plaquemines Port, Harbor & Terminal District (the District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the business-type activities of Plaquemines Port, Harbor & Terminal District as of December 31, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, *Schedule of Changes in Net OPEB Liability and Related Ratios*, *Schedule of Employer's Proportionate Share of Net Pension Liability*, and *Schedule of Employer's Contribution* on pages 4 - 10 and 53 - 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2021, on our consideration of the Plaquemines Port, Harbor & Terminal District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plaquemines Port, Harbor and Terminal District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Plaquemines Port, Harbor & Terminal District's internal control over financial reporting and compliance.

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, Louisiana
September 30, 2021

MANAGEMENT'S DISUSSION AND ANALYSIS

**PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020**

The Plaquemines Port, Harbor & Terminal District's discussion and analysis provides an overview of the District's financial activities for the fiscal year ended December 31, 2020. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the financial statements and the accompanying notes to those financial statements in this report.

Financial Highlights

- The District's assets exceeded its liabilities and deferred inflows (net position) by \$62,741,363 as of December 31, 2020.
- The District's net position decreased by \$496,734 for the year ended December 31, 2020.
- The District's total assets increased by \$2,743,003, or approximately 3.5%. The District's total liabilities decreased by \$2,449,053 or 39.4% due to a \$293,698 increase in current liabilities and a decrease of \$2,742,751 in non-current liabilities due to a decrease in net pension liability and other post-employment benefits liability.
- The District had an overall increase of cash of \$2,799,473. The increase is due to the receipt of grant proceeds restricted for the WRDA dredging project with Plaquemines Parish Government.
- During the year, the District's total operating revenue decreased \$813,215 or 14.6%, to \$4,771,215 from the prior year while operating expenses decreased \$394,075 or 4.9% to \$7,680,602. The District had a loss from operations of \$2,909,387, due to uncontrollable expenses of depreciation, pension costs, other post employment benefits accruals and interagency service fees, which is approximately 61.1% of total operating revenue. The District incurred \$201,934 of overtime due to hiring difficulties. Payroll costs increased due to 27 payroll periods versus 26 in the prior year (due to the holiday at the end of the year). The prior fiscal year's loss from operations was \$2,490,247, or 44.6% of operating revenue.
- The District also assisted Plaquemines Parish Government with BUDMAT dredging project expense in the amount of \$224,841.
- During the fiscal year, the District's depreciation expense decreased 21.1% from prior year due to the District's assets being fully depreciated.
- The District had a 5.6% decrease in salaries and related expenses due to a reduction in net pension and other post-employment benefit expenses for the year.

Overview of the Required Financial Statements

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

**PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020**

Overview of the Required Financial Statements (continued)

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

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

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

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

Financial Analysis of the District

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

Net Position

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

- Total assets increased by \$2,743,003, total liabilities decreased by \$2,449,053, total deferred outflows of resources decreased by \$835,077 and total deferred inflows of resources increased by \$4,853,713.
- The net increase in assets is attributed to an increase in cash and cash equivalents of \$2,799,473, and an increase in accounts receivable of \$279,967
- The net decrease in total liabilities is attributed to an increase of \$234,785 in accounts payable and accrued expenses offset by a decrease in long term debt of \$2,742,751 related to pension and other post-employment liabilities.
- The decrease of the deferred outflows of resources is due primarily to the District's pension plan liability.
- The increase of the deferred inflows of resources is due primarily to the deferral of the District's pension liability and deferred grant revenue.

**PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020**

Financial Analysis of the District (continued)

**Table 1
Plaquemines Port, Harbor & Terminal District
Condensed Statements of Net Position
As of December 31, 2020 and 2019**

| | 2020 | 2019 | Dollar Change | Percent Change |
|---|---------------------|---------------------|--------------------------|---------------------------|
| Assets | | | | |
| Total current assets | \$23,348,368 | \$20,210,732 | \$ 3,137,636 | 15.5% |
| Capital assets - net | 57,750,106 | 58,144,739 | (394,633) | -0.7% |
| Total assets | 81,098,474 | 78,355,471 | 2,743,003 | 3.5% |
| Deferred Outflows of Resources | | | | |
| Deferred outflow pension | 565,729 | 1,400,806 | (835,077) | -59.6% |
| Liabilities | | | | |
| Current liabilities | 1,000,814 | 707,116 | 293,698 | 41.5% |
| Non-current liabilities | 2,767,484 | 5,510,235 | (2,742,751) | -49.8% |
| Total liabilities | 3,768,298 | 6,217,351 | (2,449,053) | -39.4% |
| Deferred Inflows of Resources | | | | |
| Unearned grant revenue | 2,701,720 | 53,004.00 | 2,648,716 | 100.0% |
| Unearned ground lease revenue | 10,184,104 | 10,153,160 | 30,944 | 0.3% |
| Deferred inflow pension | 790,152 | 94,665 | 695,487 | 734.7% |
| Deferred inflow OPEB | 1,478,566 | 0 | 1,478,566 | 0.0% |
| Total deferred inflows of resources | 15,154,542 | 10,300,829 | 4,853,713 | 47.1% |
| Net Position | | | | |
| Invested in capital assets, net of related debt | 57,428,487 | 58,144,739 | (716,252) | -1.2% |
| Restricted for land fund | 2,669,472 | 1,755,987 | 913,485 | 52.0% |
| Restricted for relocation project | 663,654 | 900,014 | (236,360) | -26.3% |
| Restricted for maintenance | 67,949 | 67,949 | - | 0.0% |
| Unrestricted | 1,911,801 | 2,369,408 | (457,607) | -19.3% |
| Total Net Position | \$62,741,363 | \$63,238,097 | \$ (496,734) | -0.8% |

**PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020**

Financial Analysis of the District (continued)

Summary of Revenue and Expenses

During the year, the District's net position decreased by \$496,734. The elements of the decrease can be seen in Table 2.

**Table 2
Plaquemines Port, Harbor & Terminal District
Condensed Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2020 and 2019**

| | <u>2020</u> | <u>2019</u> | <u>Dollar Change</u> | <u>Percent Change</u> |
|--|----------------------|----------------------|--------------------------|---------------------------|
| Operating Revenue | | | | |
| Charges for services, net | \$ 4,771,215 | \$ 5,584,430 | \$ (813,215) | -14.6% |
| Total operating revenue | <u>4,771,215</u> | <u>5,584,430</u> | <u>(813,215)</u> | <u>-14.6%</u> |
| Operating Expenses | | | | |
| Salaries and related expenses | 3,771,208 | 3,996,662 | (225,454) | -5.6% |
| Supplies, contract services, materials and other expenses | 3,056,703 | 2,997,753 | 58,950 | 2.0% |
| Depreciation & amortization | 852,691 | 1,080,262 | (227,571) | -21.1% |
| Total operating expenses | <u>7,680,602</u> | <u>8,074,677</u> | <u>(394,075)</u> | <u>-4.9%</u> |
| Operating Income (Loss) | (2,909,387) | (2,490,247) | (419,140) | 16.8% |
| Nonoperating Revenue (Expense) | | | | |
| Ad valorem tax revenue, net | 11,358 | 39,122 | (27,764) | -71.0% |
| Option revenue | - | 2,000,000 | (2,000,000) | -100.0% |
| Ground lease extension payment | 2,000,000 | 0 | 2,000,000 | - |
| Right of way, intergovernmental | 6,993 | 0 | 6,993 | - |
| Lease revenue | 219,712 | 205,832 | 13,880 | 6.7% |
| Grant revenue & expenses | 85,314 | 60,288 | 25,026 | 41.5% |
| Interest income | 50,069 | 19,473 | 30,596 | 157.1% |
| Other income | 9,962 | 26,540 | (16,578) | -62.5% |
| Gain (Loss) on disposal of assets | - | 581 | (581) | 0.0% |
| Inter-governmental revenue, pension | 29,245 | 26,631 | 2,614 | 9.8% |
| Total nonoperating revenue (expense) | <u>2,412,653</u> | <u>2,378,467</u> | <u>34,186</u> | <u>1.4%</u> |
| Change in net position | (496,734) | (111,780) | (384,954) | 344.4% |
| Net position - beginning of year | <u>63,238,097</u> | <u>63,349,877</u> | <u>(111,780)</u> | <u>-0.2%</u> |
| Net position - end of year | <u>\$ 62,741,363</u> | <u>\$ 63,238,097</u> | <u>\$ (496,734)</u> | <u>-0.8%</u> |

**PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020**

Financial Analysis of the District (continued)

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

- Operating revenue decreased by \$813,215 or 14.6% due to a decrease of activity at the facilities located within the District caused by the 2020 COVID-19 global pandemic.
- The decrease in operating expenses is due primarily to the decrease in depreciation and salaries and related expenses and mitigation of other expenses due to COVID.
- The increase in non-operating revenue is due to:
 - An increase in grant revenue of \$41,026.
 - An increase in interest revenue of \$ 30,596.
 - Ad valorem tax revenue decreased by \$ 27,764.

Budget

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

Source of Revenue

Operating

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

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

**PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020**

Source of Revenue

Non-Operating

In 2020 the District's sources of non-operating revenue consisted of multiple sources.

- The District receives PILOT revenue from a lease agreement with Plaquemines Liquid Terminals for leasing property in Point Celeste, Louisiana. The District plans to distribute this revenue upon legislation approval by the Port Commission to other tax agencies.
- The District entered a Right-of-Way lease with High Point Gas Transmission, LLC in 2016 for a pipeline right of way on Port property located in Point Celeste, Louisiana.
- The District receives monthly lease payments from Marine Spill Response Corporation for the purpose of leasing a warehouse, dock facilities and parking area located at Fort Jackson, Louisiana.
- The District receives option lease income from an agreement with Venture Global Plaquemines LNG, LLC for leasing property located in Point Celeste, Louisiana.
- The District was awarded 2018-2020 federal port security grants for numerous Port Security projects in the amount for \$3,427,981

Capital Assets

During the year, the District invested \$453,458 in capital assets, see table below. In the fiscal year 2020, the District completed one land acquisition worth \$89,211. The District invested \$236,359 in projects it plans to complete in 2021. The District made major improvements to one of its rescue vessels in the amount \$86,851. The District also invested \$49,587 in Machinery and Equipment.

| | <u>December 31,2019</u> | <u>Additions</u> | <u>Deletions</u> | <u>December 31,2020</u> |
|---|-------------------------|---------------------|------------------|-------------------------|
| Capital assets, not depreciated | | | | |
| Land | \$ 48,554,199 | \$ 89,211 | \$ - | \$ 48,643,409 |
| Construction in progress | 423,454 | 236,359 | 3,950 | 663,763 |
| Total Capital assets, not depreciated | <u>48,977,652</u> | <u>317,020</u> | <u>-</u> | <u>48,977,652</u> |
| Capital assets, being depreciated | | | | |
| Buildings | 5,055,556 | - | | 5,055,556 |
| Land Improvements | 138,138 | - | | 138,138 |
| Improvements other than buildings | 626,587 | 86,851 | | 713,438 |
| Machinery and Equipment | 13,293,379 | 49,587 | | 13,342,967 |
| Less Accumulated Depreciation | <u>(9,946,574)</u> | <u>(852,691)</u> | | <u>(10,799,265)</u> |
| Total Capital assets, being depreciated | <u>9,167,086</u> | <u>(716,252)</u> | <u>-</u> | <u>8,450,834</u> |
| Capital Assets, net | <u>\$ 58,144,739</u> | <u>\$ (399,233)</u> | <u>\$ -</u> | <u>\$ 57,428,487</u> |

**PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020**

Economic Factors and Next Year's Budget and Rates

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

- Due to the impact of the 2020 COVID-19 Global Pandemic the Port did not increase security fees in the fall of 2020.
- Venture Global is projected to enter a ground lease with the District in the 3rd quarter of 2021 due to its notice of exercise executed in August 2020.
- Grants—the District has been awarded four port security grants for various port security projects to begin in 2021 in the amount of \$2,038,024.
- Port Development—the District will continue to work towards its strategic goal to becoming a landlord port.

Contacting the District's Financial Management

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

FINANCIAL STATEMENTS

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
STATEMENT OF NET POSITION
December 31, 2020

ASSETS

CURRENT ASSETS

| | |
|---|-------------------|
| Cash and cash equivalents | \$ 4,697,265 |
| Investments | 880,008 |
| Trade receivables, net of allowance | 1,323,870 |
| Other receivables | 18,596 |
| Grant receivable | 133,249 |
| Ad valorem tax receivable, net of allowance | 40,480 |
| Prepaid expenses | 136,105 |
| Restricted current assets | |
| Cash and cash equivalents | 16,118,795 |
| Total Current Assets | <u>23,348,368</u> |

NON CURRENT ASSETS

| | |
|---|-------------------|
| Capital assets, net of accumulated depreciation | <u>57,750,106</u> |
| Total Non Current Assets | <u>57,750,106</u> |

TOTAL ASSETS

\$ 81,098,474

DEFERRED OUTFLOWS OF RESOURCES

| | |
|--------------------------|-------------------|
| Deferred outflow pension | <u>\$ 565,729</u> |
|--------------------------|-------------------|

LIABILITIES

CURRENT LIABILITIES

| | |
|---------------------------|------------------|
| Accounts payable | \$ 447,759 |
| Accrued expenses | 267,860 |
| PILOT liability | 283,067 |
| Other liabilities | 2,128 |
| Total Current Liabilities | <u>1,000,814</u> |

NON CURRENT LIABILITIES

| | |
|--|------------------|
| Compensated absences | 167,672 |
| Net pension liability | 17,012 |
| Other post employment benefits payable | 2,582,800 |
| Total Non Current Liabilities | <u>2,767,484</u> |

TOTAL LIABILITIES

\$ 3,768,298

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

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
STATEMENT OF NET POSITION (continued)
December 31, 2020

DEFERRED INFLOWS OF RESOURCES

| | |
|--|--------------|
| Unearned grant revenue | \$ 2,701,720 |
| Unearned ground lease revenue | 10,184,104 |
| Deferred inflow pension | 790,152 |
| Deferred inflow other post-employment benefits | 1,478,566 |
| Total Deferred Inflows of Resources | 15,154,542 |

NET POSITION

| | |
|---|----------------------|
| Invested in capital assets, net of related debt | 57,428,487 |
| Restricted for land fund | 2,669,472 |
| Restricted for relocation project | 663,654 |
| Restricted for maintenance | 67,949 |
| Unrestricted | 1,911,801 |
| TOTAL NET POSITION | \$ 62,741,363 |

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

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
For the Year Ended December 31, 2020

OPERATING REVENUES

| | |
|---------------------------------|------------------|
| Charges for services, net | \$ 4,771,215 |
| TOTAL OPERATING REVENUES | 4,771,215 |

OPERATING EXPENSES

| | |
|--|------------------|
| Advertising | 4,689 |
| Depreciation | 852,691 |
| Dues and subscriptions | 63,457 |
| Fuel | 107,227 |
| Insurance | 353,321 |
| Interagency service charge | 883,091 |
| Legal fees | 294,812 |
| Materials and supplies | 111,347 |
| Other office charges and supplies | 53,351 |
| Professional service fees | 530,169 |
| Professional service fees, BUDMAT dredging | 224,841 |
| Rentals and leases | 119,548 |
| Repairs and maintenance | 88,008 |
| Salaries and related expenses | 3,771,208 |
| Technical services | 139,653 |
| Travel | 30,941 |
| Utilities and communications | 52,248 |
| TOTAL OPERATING EXPENSES | 7,680,602 |

OPERATING INCOME (LOSS)

(2,909,387)

NON-OPERATING REVENUES (EXPENSES)

| | |
|---|------------------|
| Ad valorem tax revenue prior year recovery, net | 11,358 |
| PILOT revenue | 134,949 |
| PILOT revenue sharing expense | (134,949) |
| Ground lease extension payment | 2,000,000 |
| Right of way revenue, intergovernmental | 6,993 |
| Lease revenue | 219,712 |
| Grant revenue | 101,314 |
| Grant expense, intergovernmental WRRDA dredging | (16,000) |
| Interest income | 50,069 |
| Other revenue | 9,962 |
| Inter-governmental revenue, pension | 29,245 |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | 2,412,653 |

CHANGE IN NET POSITION

(496,734)

| | |
|---------------------------------------|---------------|
| Total net position, beginning of year | 63,238,097 |
| Total net position, end of year | \$ 62,741,363 |

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

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|--------------|
| Receipts from customers | \$ 4,507,584 |
| Cash payments to employees for employee related costs | (3,472,917) |
| Cash payment to suppliers for operating expenses | (2,995,220) |
| Net cash provided (used) from operating activities | (1,960,553) |

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

| | |
|---|-----------|
| Ad valorem income | 11,358 |
| Grant income | 2,759,767 |
| Lease income | 257,649 |
| PILOT income | 134,949 |
| Miscellaneous | 9,962 |
| Ground lease extension payment | 2,000,000 |
| Net cash provided from non-capital financing activities | 5,173,685 |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

| | |
|--|-----------|
| Purchase of capital assets | (458,058) |
| Net cash provided (used) from capital and related financing activities | (458,058) |

CASH FLOWS PROVIDED BY INVESTING ACTIVITIES

| | |
|---|---------|
| Interest income received | 50,069 |
| Purchase of investments | (5,670) |
| Net cash provided by investing activities | 44,399 |

| | |
|--|-----------|
| Net increase (decrease) in cash and cash equivalents | 2,799,473 |
|--|-----------|

| | |
|---|------------|
| CASH AND CASH EQUIVALENTS, beginning | 18,016,587 |
|---|------------|

| | |
|--|----------------------|
| CASH AND CASH EQUIVALENTS, ending | \$ 20,816,060 |
|--|----------------------|

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

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
STATEMENT OF CASH FLOWS (continued)
For the Year Ended December 31, 2020

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

| | |
|--|------------------------------|
| Operating Loss | \$ (2,909,387) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | |
| Depreciation | 852,691 |
| Amortization | - |
| Bad debt expense - trade receivable | 20,209 |
| Pension expense | 337,631 |
| Post-employment benefits obligation | 299,828 |
| (Increase) Decrease in Assets: | |
| Trade receivables | (283,840) |
| Other receivables | (16,336) |
| Prepaid expenses | (62,263) |
| Net pension asset & deferred outflows | 835,077 |
| Increase (Decrease) in Liabilities: | |
| Compensated absences | 10,727 |
| Net pension liability & deferred inflows | (1,158,645) |
| Post employment benefits obligation & deferred inflows | (44,993) |
| Accounts payable and accrued expenses | 158,748 |
| Net cash flows provided by operating activities | <u><u>\$ (1,960,553)</u></u> |

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

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

The District is responsible for maintaining the waterways of the Plaquemines Parish. The District is responsible for administering, regulating, and monitoring of the shipping traffic and handling of cargo in the harbor; supervising shipping of the port with the view of preventing collisions and fires; policing the river and riverfront and all navigable waterways, as well as the banks, batures, and contiguous and adjacent areas affected by port, harbor, terminal, water, and marine activities; and providing emergency services to vessels in distress, including extinguishing fires in vessels and equipment and in cargo handled in and upon the areas of the District’s contiguous waterways and located in wharves and facilities upon the banks, batures, contiguous waterways and adjacent areas in the District’s administered facilities.

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

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

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards. These principles are found in the *Codification of Governmental Accounting and Reporting Standards*, published by GASB. The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

A. Reporting Entity

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

- Appointing a voting majority of an organization’s governing body, and the ability of the primary government to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.
- Organizations for which the primary government does not appoint a voting majority but are fiscally dependent on the primary government.
- Organization for which the reporting entity financial statements would be misleading if the data of the organization is not included because of the nature or significance of the relationship.

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

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

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

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

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

B. Fund Accounting

The accounts of the District are organized and operate on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, net position, revenues, and expenses.

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

C. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

D. Accounting Standards

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

E. Income Taxes

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

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

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

F. Use of Estimates

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

G. Cash and Cash Equivalents

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

H. Receivables

All receivables are reported net of estimated uncollectible amounts.

I. Capital Assets

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

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

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

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

J. Assets Whose Use Is Restricted

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

K. Operating Revenues and Expenses

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

L. Grants

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

M. Deferred Outflows and Inflows of Resources

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

N. Restricted Resources

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

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

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

O. Net Position

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended, net position is classified into three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets - This component of net position consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted - This component of net position consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted - All other net position is reported in this category.

P. Compensated Absences

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

At December 31, 2020, employees have accumulated and vested \$167,672 of annual leave benefits, which is recorded as a current liability.

Q. OPEB - Other Post-Employment Benefits

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – This Statement replaces the requirements of GASB Statement No. 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement 75 requires more extensive not disclosures and required supplementary information (RSI) about their OPEB liabilities. This Statement is effective for fiscal years beginning after June 15, 2017, and, as a result, was adopted during the year ended December 31, 2018. The District has recorded liabilities for postemployment benefits in the amount of \$2,582,800 as of December 31, 2020.

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

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

Q. OPEB - Other Post-Employment Benefits (continued)

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

NOTE 2 – CASH AND CASH EQUIVALENTS

At December 31, 2020, the District has cash and cash equivalents (book balances) totaling \$ 20,816,060 as follows:

| | |
|---|---------------|
| Unrestricted | |
| Demand deposits | \$ 4,697,265 |
| Total unrestricted cash | 4,697,265 |
| Restricted | |
| Land fund | 2,669,472 |
| Designated for relocation project | 663,654 |
| Designated for land maintenance | 67,949 |
| Designated for WRRDA dredging project | 2,717,720 |
| Land acquisition phase I | 10,000,000 |
| Total restricted cash | 16,118,795 |
| Total amount of Cash & Cash Equivalents | \$ 20,816,060 |

These deposits are stated at cost, which approximates market.

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

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

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

Custodial credit risk is the risk that in event of a bank failure, the District's deposits may not be returned to it. Cash was adequately collateralized with state law by Federal Deposit Insurance Corporation (FDIC) coverage and by securities held. At December 31, 2020, the District had \$10,886,371 in demand deposits and \$10,000,000 in deposits in a control deposit account (collected bank balances) . These deposits are secured from risk by \$500,000 of federal deposit insurance and \$ 20,618,651of pledged securities held by the custodial bank in the name of the fiscal agent bank. Even though the pledged securities are considered to be subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Supplemental cash flow disclosure:

For the year ended December 31, 2020, the District had no noncash investing and financing transactions.

NOTE 3 – INVESTMENTS

At December 31, 2020, the District's unrestricted investments in the Louisiana Asset Management Pool (LAMP) totaled \$880,007. These deposits are stated at cost. LAMP is a local government investment pool established as a cooperative effort to enable public entities of the State of Louisiana to aggregate funds for investments.

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

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

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 3 – INVESTMENTS (continued)

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

Interest Rate Risk

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

Concentration of Credit Risk

GASB Statement No. 40 *Deposit and Investment Risk Disclosure*- An Amendment of GASB Statement No. 3 defines concentration of risk as the risk of loss attributed to the magnitude of a government's investment in a single issuer. GASB 40 further defines an at-risk investment to be one that represents more than five percent (5%) of the market value of the total investment portfolio and requires disclosure of such at-risk investments. GASB 40 specifically excludes investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments from the disclosure requirement. At December 31, 2020, the District had no investments requiring a Concentration of Credit Risk disclosure.

Custodial Credit Risk

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

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

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 4 – PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. These items, totaling \$136,105 primarily include insurance premiums and membership dues for upcoming years.

NOTE 5 – TRADE RECEIVABLE

The District's trade receivable account totaled \$1,579,590 for the year ended December 31, 2020. The District's cumulative allowance for doubtful accounts was \$255,720 at year end which resulted in a net trade receivable of \$1,323,870 for the year ended December 31, 2020.

An allowance for uncollectible accounts is estimated and recorded based upon the District's historical experience. For the year ended December 31, 2020, the District recorded bad debt expense related to trade receivables of \$20,209.

NOTE 6 - AD VALOREM TAX RECEIVABLE AND REVENUE

Ordinance #17-133 authorized the levy and collection of an ad valorem tax of one and one-half mills (1.5) on land within the boundaries of the District as authorized by chapter 8 of title 34 of the Louisiana revised statutes of 1950, as amended, and other constitutional and statutory authority, as applicable, to be dedicated and used for all lawful purposes by the District, including but not limited to the acquisition of immovable property and the construction of capital improvements.

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

In 2020, the District did not levy an ad valorem tax. The ad valorem tax levied in previous years was dedicated to the repayment of the District's bond debt. The District retired the debt in April of 2018 utilizing the receipt of millage taxes and unrestricted resources of the District.

Ad valorem tax receivable

Ad valorem tax receivable account totaled \$496,185 for the year ended December 31, 2020. The District's cumulative allowance for uncollectible receivables was \$455,705 at year end which resulted in a net ad valorem tax receivable of \$40,480 for the year ended December 31, 2020.

For the year ended December 31, 2020, the District received \$11,358 in ad valorem recovery revenue for 2015 assessment.

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

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 7 – GRANT RECEIVABLE

Port Security Grant Receivable

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

The District’s incurred Cyber Security expenses for October 2020, November 2020, and December 2020 qualified for reimbursement. The District received the reimbursement in March 2021. The amount of the receivable due from FEMA is \$23,575 at December 31, 2020.

Hurricane Isaac Reimbursement

In 2012 the Plaquemines Parish Government filed a PW with FEMA on behalf of the District in regard to reimbursement of overtime labor due to the impact of Hurricane Isaac. This PW continues to be re-worked with FEMA. The amount of the receivable due from FEMA at December 31, 2020, is \$109,674.

NOTE 8 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2020, is as follows:

| | <u>December 31,2019</u> | <u>Additions</u> | <u>Deletions</u> | <u>December 31,2020</u> |
|---|-------------------------|---------------------|------------------|-------------------------|
| Capital assets, not depreciated | | | | |
| Land | \$ 48,554,199 | \$ 89,211 | \$ - | \$ 48,643,409 |
| Construction in progress | 423,454 | 236,359 | 3,950 | 663,763 |
| Total Capital assets, not depreciated | <u>48,977,652</u> | <u>317,020</u> | <u>-</u> | <u>48,977,652</u> |
| Capital assets, being depreciated | | | | |
| Buildings | 5,055,556 | - | | 5,055,556 |
| Land Improvements | 138,138 | - | | 138,138 |
| Improvements other than buildings | 626,587 | 86,851 | | 713,438 |
| Machinery and Equipment | 13,293,379 | 49,587 | | 13,342,967 |
| Less Accumulated Depreciation | <u>(9,946,574)</u> | <u>(852,691)</u> | | <u>(10,799,265)</u> |
| Total Capital assets, being depreciated | <u>9,167,086</u> | <u>(716,252)</u> | <u>-</u> | <u>8,450,834</u> |
| Capital Assets, net | <u>\$ 58,144,739</u> | <u>\$ (399,233)</u> | <u>\$ -</u> | <u>\$ 57,428,487</u> |

Depreciation charged for the year ended December 31, 2020, was \$852,691.

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 8 – CAPITAL ASSETS (continued)

Land Purchase

On November 14, 2019, the District adopted Ordinance #19-142, authorizing Maynard J. Sanders, Executive Director to purchase land owned by Wayne Paul Perrin. The land was purchased to continue development of the District. In 2020, the property was purchased for \$80,000 plus settlement cost and other closing cost of \$9,211.

Construction in progress

During the year, the District continued its work on the B-3 relocation project in the amount of \$236,359.

Improvements other than buildings

On August 20, 2020 the District began a major repair to its Authority I fire and rescue vessel in the amount of \$86,851.

Machinery & Equipment

The increase in machinery and equipment is due to a purchase of a vehicle during the year.

NOTE 9 – ACCRUED EXPENSES

Certain payments to vendors have been accrued in the account as they relate to 2020 activity. These payments will be made following the year end December 31, 2021. The amount of accrued expenses at year end December 31, 2020, was \$251,050.

NOTE 10 - POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

General Information about the OPEB Plan

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

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 10 - POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS
(continued)

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

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

Employees covered by benefit terms – At December 31, 2020, the following employees were covered by the benefit terms:

| | |
|--|------------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 3 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Active employees | <u>45</u> |
| Total | <u><u>48</u></u> |

Total OPEB Liability

The District's total OPEB liability of \$2,582,800 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|--|
| Inflation | 2.0% |
| Salary increases | 3.0%, including inflation |
| Discount rate | 2.74% annually (Beginning of Year to Determine ADC) |
| | 2.12%, annually (As of End of Year Measurement Date) |
| Healthcare cost trend rates | 5.5% annually until year 2030, then 4.5% |
| Mortality | SOA RP-2014 Table |

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 10 - POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS
(continued)

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2020, the end of the applicable measurement period.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2020.

Changes in the Total OPEB Liability

| | |
|--|---------------------|
| Balance at December 31, 2019 | \$ 3,806,531 |
| Changes for the year: | |
| Service cost | 289,236 |
| Interest | 145,007 |
| Differences between expected and actual experience | (1,406,780) |
| Changes in assumptions | (206,201) |
| Benefit payments and net transfers | <u>(44,993)</u> |
| Net changes | <u>(1,223,731)</u> |
| Balance at December 31, 2020 | <u>\$ 2,582,800</u> |

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.12%) or 1-percentage-point higher (3.12%) than the current discount rate:

| | 1.0% Decrease <u>(1.12%)</u> | Current Discount Rate <u>(2.12%)</u> | 1.0% Increase <u>(3.12%)</u> |
|----------------------|---------------------------------|---|---------------------------------|
| Total OPEB Liability | \$3,142,641 | \$2,582,800 | \$2,146,191 |

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 10 - POSTEMPLOYMENT HEALTH CARE 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 District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

| | 1.0% Decrease (4.5%) | Current Discount Rate (5.5%) | 1.0% Increase (6.5%) |
|----------------------|-------------------------|---------------------------------|-------------------------|
| Total OPEB Liability | \$2,128,601 | \$2,582,800 | \$3,179,548 |

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

For the year ended December 31, 2020, the District recognized OPEB expense of \$299,828. At December 31, 2020, the District 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 | \$ - | \$ (1,289,548) |
| Changes in assumptions | - | (189,018) |
| Total | \$ - | \$ (1,478,566) |

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

| Years ending December 31: | |
|---------------------------|-----------|
| 2021 | (134,415) |
| 2022 | (134,415) |
| 2023 | (134,415) |
| 2024 | (134,415) |
| 2025 | (134,415) |
| Thereafter | (806,491) |

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 11 – PENSION PLAN

Plan Description

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

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

For the year ended December 31, 2019, there were 290 contributing employers in Plan A and 50 in Plan B. Statewide retirement membership consisted of:

| | <u>Plan A</u> | <u>Plan B</u> | <u>Total</u> |
|--|----------------------|---------------------|----------------------|
| Inactive plan members or beneficiaries receiving benefits | 7,651 | 942 | 8,593 |
| Inactive plan members entitled to but not yet receiving benefits | 8,785 | 1,921 | 10,706 |
| Active members | <u>14,042</u> | <u>2,462</u> | <u>16,504</u> |
| Total Participating as of the Valuation Date | <u><u>30,478</u></u> | <u><u>5,325</u></u> | <u><u>35,803</u></u> |

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

PERS issues a publicly available financial report that includes financial statements and required supplementary information for the system for the fiscal year ended December 31, 2019. Access to the report can be found on the Louisiana Legislative Auditor's website, www.la.la.gov, or by contacting the Parochial Employees’ Retirement System of Louisiana, 7905 Wrenwood Boulevard, Baton Rouge, Louisiana 70809.

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 11 – PENSION PLAN (continued)

Eligibility Requirements

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

Retirement Benefits

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

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

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

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

Survivor Benefits

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

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

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 11 – PENSION PLAN (continued)

Disability Benefits

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

Deferred Retirement Option Plan (DROP)

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

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

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

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

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

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 11 – PENSION PLAN (continued)

Cost of Living Adjustments

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

Contributions

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

According to State statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2019, the actuarially determined contribution rate was 12.18% of member’s compensation for Plan A and 7.53% of member’s compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2019 was 11.5% for Plan A and 7.50% for Plan B.

According to State statute, PERS also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes except for Orleans and East Baton Rouge parishes. PERS also receives revenue sharing funds each year as appropriated by the Louisiana Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member’s compensation. These additional sources of income are used as additional employer contributions and are considered support from non-contributing entities.

Administrative costs of PERS are financed through employer contributions.

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 11 – PENSION PLAN (continued)

Contributions (continued)

The District’s employer and employee contributions to PERS for the measurement date fiscal year ended December 31, 2019 were as follows:

| Source | Contribution Amount | Covered Payroll | Percent of Covered Payroll |
|----------|------------------------|-----------------|----------------------------------|
| Employee | \$ 231,294 | 2,291,537 | 9.5% |
| Employer | 263,527 | 2,291,537 | 11.5% |
| | <u>\$ 494,821</u> | | |

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

At December 31, 2020, the District reported a liability of \$17,013 for its proportionate share of the PERS Net Pension Liability/Asset (NPL/A). The NPL/A for PERS was measured as of December 31, 2019, and the total pension liability(asset) used to calculate the NPL/A was determined based on an actuarial valuation as of that date. The District’s proportion of the NPL/A was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contribution of all participating employers, actuarially determined. As of December 31, 2019, the most recent measurement date, the District’s proportion was 0.361398%, an increase 0.01290 % from the December 31, 2018 proportion.

For the year ended December 31, 2020, the District recognized a total pension expense of \$336,820. This amount was made up of the following:

| Components of Pension Expense | Amount |
|---|-------------------|
| District's pension expense per the PERS | \$ 336,189 |
| District's amortization of actual contributions over its propottionate share of contribution | 631 |
| Total Pension Expense Recognized by the District | <u>\$ 336,820</u> |

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 11 – PENSION PLAN (continued)

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

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

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---------------------------------------|--------------------------------------|
| Differences between expected and actual experience | \$ - | \$ 152,300 |
| Differences between projected and actual investment earnings | - | 637,723 |
| Change in assumptions | 237,603 | - |
| Change in proportionate share of the NPL | 18,514 | 129 |
| Differences between the District's contributions and its proportionate share of contributions | 2,854 | - |
| District's contributions subsequent to the December 31, 2019 measurement date | 306,758 | - |
| | <u>\$ 565,729</u> | <u>\$ 790,152</u> |

Deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date in the amount of \$306,758 will be recognized as a reduction of the PERS NPL/A in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal Year Ended December 31, | Amount of Amortization |
|---------------------------------------|-------------------------------|
| 2020 | \$ (114,585) |
| 2021 | \$ (151,144) |
| 2022 | \$ 21,657 |
| 2023 | \$ (287,110) |

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 11 – PENSION PLAN (continued)

Actuarial Assumptions

The current year actuarial assumptions utilized for this report are based on the assumptions used in the December 31, 2019 actuarial valuation, which (with the exception of mortality) were based on results of an actuarial experience study for the period January 1, 2010 to December 31, 2014, unless otherwise specified.

A summary of the actuarial methods and assumptions used in determining the total pension liability/(asset) as of December 31, 2019, are as follows:

| Description | Assumptions / Methods |
|----------------------------------|---|
| Valuation Date | December 31, 2019 |
| Actuarial Cost Method | Plan A & B - Entry Age Normal |
| Investment Rate of Return | 6.50% (Net of investment expense), including inflation |
| Expected Remaining Service Lives | 4 years |
| Projected Salary Increases | Plan A - 4.75% & Plan B - 4.25% |
| Cost of Living Adjustments | The present value of future retirement benefits is based on benefits being paid by PERS and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees |
| Mortality | Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants. |

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 11 – PENSION PLAN (continued)

Actuarial Assumptions (continued)

The Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.18% for the year ended December 31, 2019.

Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target asset allocation as of December 31, 2019 are summarized in the following table:

| Asset Class | Target Asset Allocation | Long-Term Expected Portfolio Real Rate of Return |
|------------------------------------|----------------------------|---|
| Fixed income | 35% | 1.05% |
| Equity | 52% | 3.41% |
| Alternatives | 11% | 0.61% |
| Real assets | 2% | 0.11% |
| Totals | 100% | 5.18% |
| Inflation | | 2.00% |
| Expected Arithmetic Nominal Return | | 7.18% |

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

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 11 – PENSION PLAN (continued)

Actuarial Assumptions (continued)

Discount Rate

The discount rate used to measure the total pension liability/(asset) was 6.50% for Plan A and 6.50% for Plan B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems’ Actuarial Committee. Based on those assumptions, the PERS’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District’s proportionate share of the NPL/A using the current discount rate of 6.50%, as well as what the District’s proportionate share of the NPL/A would be if it were calculated using a discount rate that is one percentage-point lower or one percentage higher than the current rate.

| | Changes in Discount Rate 2019 | | | |
|--|-------------------------------|--------------------------|----|--------------|
| | 1% Decrease | Current Discount Rate | 1% | Increase |
| | <u>5.50%</u> | <u>6.50%</u> | | <u>7.50%</u> |
| District's Proportionate Share of the Net Pension Liability (Asset) | \$ 3,284,902 | \$ 17,013 | \$ | 93,823 |

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 11 – PENSION PLAN (continued)

Pension Plan Fiduciary Net Position

The components of the net position liability (asset) of PERS employers as of December 31, 2019, are as follows:

| | <u>Plan A</u> | <u>Plan B</u> |
|-------------------------------|----------------------|-----------------------|
| Total Pension Liability | \$ 4,096,496,036 | \$ 353,658,541 |
| Plan Fiduciary Net Position | <u>4,091,788,575</u> | <u>360,893,172</u> |
| Net Pension Liability (Asset) | <u>\$ 4,707,461</u> | <u>\$ (7,234,631)</u> |

Detailed information about PERS’s fiduciary net position is available in the separately issued December 31, 2019 financial report. This report can be found on the Louisiana Legislative Auditor’s website (www.la.la.gov) in the database of reports.

Payables to the Pension Plan

At December 31, 2020, the District had \$143,163 in payables to PERS for the related to the third and fourth quarter 2020 employee (\$63,581) and employer (\$83,581) legally required contributions. The employer amount is accrued as a payable at year end and is also included in the deferred outflows figure since it is included as contributions made subsequent to the December 31, 2019 measurement date.

NOTE 12 – DEFERRED INFLOWS OF RESOURCES

The components of deferred inflows of resources are as follows:

| | |
|-------------------------------------|----------------------|
| Venture Global Plaquemines LNG, LLC | \$ 10,000,000 |
| Highpoint Gas Transmission, LLC | 143,588 |
| Grant Revenue | 2,675,060 |
| Plaquemines Parish Government | <u>40,517</u> |
| Total Deferred Inflows of Resources | <u>\$ 12,859,165</u> |

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 12 – DEFERRED INFLOWS OF RESOURCES (continued)

Venture Global Plaquemines LNG, LLC

On August 19, 2015, the District entered into an option lease agreement with Venture Global Plaquemines LNG, LLC (VG) for the opportunity to lease the 632 acres of the District's property located in Point Celeste, LA for the purpose of constructing and operating a multi-purpose energy terminal facility. The irrevocable and exclusive option to lease the property contains three option periods. The initial option period was granted on August 19, 2015. The District received \$1,000,000 of option revenue at that time. The initial option period is twelve months from the date of the executed agreement.

The two subsequent option periods extend the initial option period if deemed necessary by VG. These two subsequent option periods are subject to payments of (1) \$1,500,000 and (2) \$2,000,000 payable to the District if exercised. In 2016, the District received \$1,500,000 in option revenue due to VG exercising the second option period.

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

At December 31, 2020, the District has \$10,000,000 of deferred inflows of resources from advance rent payments and the money is held as restricted cash. A restricted account was established for depositing the advance rent payments, and disbursements subject to approval of funds by VG, granting a security interest in proceeds in the event of default by the District. The payments are allowed for acquiring property. If the District chooses not to acquire property, the advance rent payments must simply remain in the restricted account, to be offset against future rent payments, as they become due in the event a ground lease becomes active.

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

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

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 12 – DEFERRED INFLOWS OF RESOURCES (continued)

Venture Global Plaquemines LNG, LLC (continued)

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

On August 14, 2020 Venture Global Plaquemines LNG, LLC issued a written notice to the District under the option agreement of the Project Company's intention to exercise its option under the option agreement to enter into the Ground Lease for the project site. Venture Global Plaquemines LNG, LLC exercised its option to extend the closing date for the Project Site and the Laydown area by 365 days to September 14, 2021. In exchange for such extension the Project Company paid two-million dollars (\$ 2,000,000) (the Extension Payment) to the District.

Highpoint Gas Transmission, LLC

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

The annual fee for the agreement is \$9,573 which equates to 274 rods times \$35. The District received the entire 20-year rental fee of \$191,450 on January 5, 2016. For the year ended December 31, 2020, the District reported \$143,588 in unearned lease revenue.

Plaquemines Parish Government

On May 8, 2020 Plaquemines Parish Government pursuant to Ordinance #17-156, dated November 9, 2017 issued the District a check in the amount \$45,330 for the appropriation of easements over lands reference as Tract Nos 6S, 6B, 6L, 6M, 6N, and 6P. The easements are temporary work areas for a term of seventy-two months.

For the year ended December 31, 2020, the District recognizes \$4,813 of right of way revenue and \$40,517 in unearned right of way revenue.

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 12 – DEFERRED INFLOWS OF RESOURCES (continued)

Grant Revenue

On July 16, 2019 the Port Board approved Resolution #19-193 authorizing the Executive Director to enter into a Memorandum of Agreement with U.S. Army Corps of Engineers, New Orleans District concerning the provision of funds pursuant to the section 2106 of the Water Resources Reform and Development Act of 2014 for the use of environmental remediation related to dredging berths and federal navigation channels.

On September 24, 2020 the Plaquemines Parish Council adopted Resolution #20-234 which authorized the Plaquemines Parish President to enter into a Cooperative Endeavor Agreement with the Executive Director of the Plaquemines Port, Harbor and Terminal District to collaborate and cooperate together to accomplish the goals of beneficial dredging of the harbors and access channels, and to remain qualified for the grant proceeds.

On June 9, 2020 the District received \$2,717,720 from the U.S. Army Corps of Engineers. For the year end December 31, 2020, the District in collaboration with Plaquemines Parish Government incurred \$16,000 of expenses during 2020. At December 31, 2020 the District had \$2,675,060 of unearned grant revenue.

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

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

In 2020, the District earned \$134,949 in PILOT (payment in lieu of taxes) revenue. This amount is based on total ad valorem tax due that would have been due had the Plaquemines Liquid Terminals owned the property. The payment was received on December 21, 2020.

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

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

It is the District’s intent to share this revenue with taxing bodies of Plaquemines Parish in proportion with each year’s approved millage tax roll. The District intends to enter into cooperative endeavor agreements (CEAs) with all taxing bodies to describe the nature and timing for payments annually. The District has a contingent liability in 2020 in the amount of \$283,067. Upon completion of CEAs the District will distribute PILOT payment to the taxing bodies.

Contingent Liability- PILOT

| | | |
|-----------------------------|----|---------|
| 2018 PILOT payment | \$ | 15,998 |
| 2019 PILOT payment | | 132,120 |
| 2020 PILOT payment | | 134,949 |
| Ending Contingent Liability | \$ | 283,067 |

NOTE 14 – NONCURRENT LIABILITIES

Change in Noncurrent Liabilities

Noncurrent liabilities activity for the year ended December 31, 2020, is as follows:

| | December 31, 2019 | Additions | Reductions | December 31, 2020 | Due within One Year |
|-----------------------|----------------------|-----------|----------------|----------------------|------------------------|
| Compensated Absences | \$ 156,945 | \$ 10,727 | \$ - | \$ 167,672 | |
| Net Pension Liability | 1,546,759 | - | (1,529,747) | 17,012 | - |
| OPEB | 3,806,531 | - | (1,223,731) | 2,582,800 | - |
| Total Long Term Debt | \$ 5,510,235 | \$ 10,727 | \$ (2,753,478) | \$ 2,767,484 | - |

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 15 - RESTRICTED NET POSITION

Land Fund

The District adopted ordinance 02-45 on March 14, 2002, to set aside twenty percent of total annual tariff revenue earned in an account dedicated to future land acquisition. Spending of these funds must be approved through legislation approved by the Board of Port Commissioners. On December 12, 2019, Ordinance 19-153 restricted \$2,000,000 from the land fund for the District's 2020 Capital Improvement Budget. On December 10, 2020, Ordinance 20-118 unrestricted \$1,955,200 from the land fund for the District's 2021 Capital Improvement Budget. Activity for the restricted land fund for the year ended December 31, 2020, is described below:

| | | |
|--|--|--------------|
| Balance, January 1, 2020 | | \$ 1,755,987 |
| Additions: | | |
| Current year restrictions 20% | | 958,285 |
| Appropriations: | | |
| Ordinance #19-153 Capital Improvement Budget | | (2,000,000) |
| Ordinance #20-118 Capital Improvement Budget | | 1,955,200 |
| | | \$ 2,669,472 |
| Balance, December 31, 2020 | | \$ 2,669,472 |

Relocation Project

In December 2017, the District appropriated \$1,233,250 of the restricted land fund for an additional land purchase involving relocating a business for the purpose of port development. In 2019, the District appropriated an additional \$58,733.

In 2017, the District disbursed \$114,511 of the funds set aside for the relocation project. In 2018, the District disbursed \$90,113 from the restricted fund for the project. In 2019, the District disbursed \$187,345 from the restricted fund for the project. In 2020, the District disbursed \$236,359 from the restricted fund for the project. The available balance at December 31, 2020, was \$663,654.

| | | |
|----------------------------|--|--------------|
| Balance, January 1, 2020 | | \$ 900,013 |
| Additions: | | |
| Current year restrictions | | \$ - |
| Reductions | | |
| Current year expenditures | | \$ (236,359) |
| Balance, December 31, 2020 | | \$ 663,654 |

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 15 - RESTRICTED NET POSITION (continued)

Port maintenance – drainage project

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

In 2016, expenditures totaled \$49,900. At December 31, 2017, the District disbursed \$54,250 of the funds set aside for the project. In 2018, disbursements totaled \$62,999. In 2019, the District disbursed \$14,902 for project maintenance. In 2020, the District had no expenditures for drainage maintenance. The available project balance at December 31, 2020, was \$67,949.

| | |
|---------------------------|-------------|
| Balance, January 1,2020 | \$ 67,949 |
| Additions: | |
| Current year restrictions | \$ - |
| Reductions | |
| Current year expenditures | \$ <u>-</u> |
| Balance, December 31,2020 | \$ 67,949 |

NOTE 16 – SERVICE REVENUE

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

The service revenue for the year ended December 31, 2020, can be categorized as follows:

| <u>Description</u> | <u>Amount</u> |
|-------------------------------|---------------------|
| Security- Harbor | \$ 125,048 |
| Security- Cargo | 1,860,690 |
| Harbor Fee | 952,929 |
| Docking Fee | 283,641 |
| Supplemental Harbor Fee | 1,568,779 |
| Minimum Charges | 337 |
| Less: Allowance for Bad Debts | <u>(20,209)</u> |
| Total Service Revenue | <u>\$ 4,771,215</u> |

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 17 – LEASE REVENUE

Lease revenue for the year ended December 31, 2020, is made up of the following:

| | | |
|---------------------|----|---------|
| Warehouse and dock | \$ | 206,140 |
| Property | | 13,573 |
| Total Lease Revenue | | 219,713 |

Lease revenue – warehouse, dock, and parking area

On June 14, 1994, the District entered into a written lease agreement with an unrelated party for property for the purpose of leasing a warehouse, dock facilities and parking area. The term of the lease is 30 years beginning June 1, 1995 and ending May 31, 2025. The lessee has the option to renew every 10 years. Monthly rent payments are increase by 10% every 60 months. The unrelated party currently agrees to pay the District a sum of \$16,105 monthly for January 2020 through April 2020. May 2020 through December 2020 payments were \$17,715 monthly. Payments are due the first day of each month.

Total rental income for 2020 is \$206,140.

The following is a schedule of future minimum rental income for non-cancelable operating revenue leases as of December 31, 2020:

| <u>Year Ended December 31,</u> | <u>Amount</u> |
|--------------------------------|---------------|
| 2021 | 212,580 |
| 2022 | 212,580 |
| 2023 | 212,580 |
| 2024 | 212,580 |
| 2025 | 212,580 |
| | \$ 1,062,900 |

Lease revenue – High Point Gas Transmission, LLC

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

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 17 – LEASE REVENUE (continued)

Lease revenue – High Point Gas Transmission, LLC

This lease shall have a primary term of twenty (20) years with the option to renew and extend the agreement at the end of the primary term for one additional period of twenty years by notifying the District in writing 90 days prior to the end of the primary term. High Point is required to pay the District in full prior to the first day of the primary term of rental payment in the amount of \$191,450. The established annual rental fee of \$35.00 per rod for a pipeline with a diameter of 9 to 24 inches was established by ordinance #03-55 on April 10, 2003.

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

Lease revenue - B3 Access Property

On February 22, 2018 ordinance #18-19 was adopted by the Board of Commissioners which authorized the Executive Director to purchase land owned by Richard Waldner and to then lease the property to Mr. Waldner on a short-term basis. On March 1, 2018 the District entered into a residential lease with Richard Eugene Waldner. The District leases to the lessee the house and improvements situated at 20945 Highway 23 Port Sulphur, Louisiana for \$250 per month. Lease revenue for 2020 for this mentioned property is \$3,000.

Lease Revenue - Phylway

On October 22, 2020 resolution #20-256 was adopted by the District's Board which authorized the Executive Director to lease a particular tract of land to Phlyway Construction LLC for the purpose of aiding in the construction of the back-levees in Plaquemines Parish. The lease is for \$500 per month. Lease revenue for 2020 for this mentioned property is \$1,000.

NOTE 18 – OPERATING LEASES

Office space and land

On January 5, 2016, the District entered into an operating lease agreement with Plaquemines Parish Government authorized by ordinance 15-272 adopted on September 24, 2015, for the purpose of leasing office space located at 8056 Highway 23 and an undeveloped tract of land located at 333 F. Edward Hebert Drive, both locations in Belle Chasse, Louisiana. The lease for office space is for a primary term of five (5) years beginning January 1, 2016, and ending December 31, 2020. The initial monthly rental is \$5,900 for the District's office space. Upon signing the agreement, the District paid one year of rental payments totaling \$70,800. The initial monthly rental for the undeveloped tract of land is \$1,000 a month. The initial payment for the land consisted of lease rental for one-year totaling \$12,000. Lease rentals for subsequent years for the office and land are due and payable for the entire year in advance of the anniversary date for each subsequent year of the agreement subject to consumer price index adjustments.

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 18 – OPERATING LEASES (continued)

Office space and land

In 2020, the District recognized office space rent expense of \$76,923 and rent expense for land of \$13,037.

NOTE 19 - INTERAGENCY SERVICE CHARGE

On December 12, 2019, the District’s Board of Commissioners (members of the Plaquemines Parish Council as governing authority) adopted the Districts’ 2020 Operating Budget which included an Interagency Service Charge expense in the amount of \$306,045 and an Interagency-Fire & Ambulance Service Charge in the amount of \$585,867 for a total Interagency Service Charge expense to be paid to the Plaquemines Parish Government in the amount of \$891,912. The fee amount was derived from a fee schedule presented by the Plaquemines Parish Government based on the Plaquemine Parish Government’s expense budget for various departments. These departments included Civil Service, Plaquemines Parish Council, Plaquemines Parish Council Secretary, 911 Operations, Plaquemines Emergency Preparation, Plaquemines Parish Telecommunications, Firefighting, and Ambulance Services as seen in the chart below:

| <u>Plaquemines Parish Government Expenses</u> | | | <u>Amount District</u> |
|---|----------------------|---------------------------|------------------------|
| <u>Plaquemines Parish</u> | | <u>Percent Charged to</u> | <u>Paid to</u> |
| <u>Government Department</u> | <u>2020 Actual</u> | <u>District</u> | <u>Plaquemines</u> |
| | | | <u>Parish</u> |
| | | | <u>Government</u> |
| 911 Services | \$ 425,468 | 15% | \$ 63,820 |
| Civil Service | 176,664 | 7.39% | 13,055 |
| Council | 956,808 | 15% | 143,521 |
| Council Secretary | 177,811 | 15% | 26,672 |
| Emergency Prep | 299,612 | 5% | 14,981 |
| Telecommunications | 428,594 | 2.88% | 12,344 |
| Total | <u>\$ 2,464,958</u> | | <u>\$ 274,393</u> |
| | | | <u>Amount Paid to</u> |
| | | | <u>Plaquemines</u> |
| | | | <u>Parish</u> |
| | | | <u>Government</u> |
| <u>Plaquemines Parish</u> | | <u>Percent Charged to</u> | |
| <u>Government Department</u> | <u>2020 Actual</u> | <u>District</u> | |
| Firefighting | \$ 7,570,493 | 6% | \$ 454,164 |
| Ambulance Services | 2,585,318 | 6% | 154,534 |
| Total | <u>\$ 10,155,811</u> | | <u>\$ 608,698</u> |
| Total Interagency service fee | | | <u>\$ 883,091</u> |

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 19 - INTERAGENCY SERVICE CHARGE (continued)

The District paid a total of \$274,393 for interagency service charges and \$608,698 for Firefighting and Ambulance interagency service charges. Plaquemines Parish Government invoiced the District on a quarterly basis based on actual expenses. This fee was an increase of \$30,382 over the prior year.

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

NOTE 20 – CONCENTRATIONS

Concentration of Credit Risk

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

Economic Dependency

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

NOTE 21 – RELATED PARTY TRANSACTIONS

Louisiana Revised Statute 34:1352 states the Plaquemines Parish Commission Council is hereby declared to be the governing authority of the Plaquemines Port, Harbor and Terminal District, and shall prescribe rules to govern its meeting with regard to said port authority.

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

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

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

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 23 – INTERNAL AUDIT

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

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

In December 2020 the Plaquemines Parish Government internal auditor began a follow-up audit report on the District's Contracts and Agreements internal audit issued in November 2018. After the District's reply, the internal auditor issued a report in January 2021.

NOTE 24 - SUBSEQUENT EVENTS

Interagency Fee - Ferry Operations

On November 17, 2020 the Port Board of Commissioners held the District's 2021 Budget hearings. During the budget hearings Commissioner Rousselle motioned for an amendment to be made to the District's Operating budget to include an Interagency Service Charge for Ferry Operations and Maintenance to be made in the amount of \$1,500,000. The amendment to the 2021 Original Proposed Operating budget was adopted at the mentioned budget hearing. On December 10, 2020 the Port Board of Commissioners adopted Ordinance #20-117 which adopted the District's 2021 Original Operating Budget of Revenues and Expenditures.

On February 22, 2021 the District received from Plaquemines Parish Government an invoice in the amount of \$1,500,000 for ferry operations. The District issued a check on March 25, 2021 in the amount of \$1,500,000 to Plaquemines Parish Government along with a letter from the District's Executive Director addressed to the Plaquemines Parish President recommending a cooperative endeavor agreement between the District and PPG for the transfer of funds for the ferry operations.

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 24 - SUBSEQUENT EVENTS (continued)

Venture Global Ground Lease

On July 19, 2021 the lease agreement with Venture Global Plaquemines LNG, LLC for Parcel 2 and laydown area was executed. Ordinance No. 21-68 authorized and directed the Plaquemines Port, Harbor and Terminal District Executive Director, Maynard J. "Sandy" Sanders, to enter into a lease agreement with Venture Global Plaquemines LNG, LLC for the letting of that certain Port property on a long-term basis, and to grant a pipeline servitude thereon to and to enter into a separate lease agreement for the letting of that certain District property upon terms and conditions approved by the Plaquemines Parish Council as sole governing authority of Plaquemines Port, Harbor and Terminal District.

The District issued Venture Global an Extension Payment credit in the amount of \$312,329 on July 19, 2021 due to the closing date occurring prior to September 14, 2021, per the extension agreement.

REQUIRED SUPPLEMENTAL INFORMATION

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
Year Ended December 31, 2020*

| OPEB Expenses | Fiscal year ended 12/31 of | | |
|---|-----------------------------------|-------------------------|-------------------------|
| | 2018 | 2019 | 2020 |
| Service cost | \$ 254,337 | \$ 264,256 | \$ 289,236 |
| Interest | 122,361 | 134,754 | 145,007 |
| Changes of benefit terms | - | - | - |
| Differences between expected and actual experience | - | (26,653) | (1,406,780) |
| Changes of assumptions | - | - | (206,201) |
| Benefit payments | (23,617) | (22,268) | (44,993) |
| Net change in total OPEB liability | 353,081 | 350,089 | (1,223,731) |
| Total OPEB liability - beginning | 3,103,361 | 3,456,442 | 3,806,531 |
| Total OPEB liability - ending | \$ 3,456,442 | \$ 3,806,531 | \$ 2,582,800 |
| Covered-employee payroll | \$ 1,847,077 | \$ 1,920,960 | \$ 2,205,359 |
| Net OPEB liability as a percentage of covered-employee payroll | 187.13% | 198.16% | 117.11% |
| Notes to Schedule: | | | |
| <i>Benefit Change:</i> | None | None | None |
| <i>Changes of Assumptions:</i> | | | |
| <i>Discount Rate:</i> | 3.67% | 3.67% | 2.12% |
| <i>Mortality:</i> | RP-2014-2017 | RP-2014-2017 | RP-2014 |
| <i>Trend:</i> | Variable | Variable | Variable |

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

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
Year Ended December 31, 2020*

| Year Ended December 31, | Plan | Employer Proportion of the Net Pension Liability (Asset) | Employer Proportionate Share of the Net Pension Liability (Asset) | Employer's Covered Employee Payroll | Employer Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll | Plan Fiduciary Net Position As a Percentage of the Total Pension Liability |
|----------------------------|----------------|---|--|--|---|--|
| 2015 | PERS Plan A | 0.318732% | \$ 87,144 | \$ 1,826,321 | 4.8% | 99.1% |
| 2016 | PERS Plan A | 0.345807% | \$ 910,263 | \$ 1,984,281 | 45.9% | 92.2% |
| 2017 | PERS Plan A | 0.333225% | \$ 686,281 | \$ 1,976,205 | 34.7% | 94.1% |
| 2018 | PERS Plan A | 0.332028% | \$ (246,447) | \$ 2,028,789 | -12.1% | 102.0% |
| 2019 | PERS Plan A | 0.348498% | \$ 1,546,759 | \$ 2,139,882 | 72.3% | 88.9% |
| 2020 | PERS Plan A | 0.361398% | \$ 17,013 | \$ 2,291,537 | 0.7% | 99.9% |

*Amounts presented were determined as of the measurement date

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

PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
Year Ended December 31, 2020

| Year Ended December 31, | Plan | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Employee Payroll | Contributions as a % of Covered Employee Payroll |
|----------------------------|----------------|---|--|--|--|--|
| 2015 | PERS Plan A | \$ 287,721 | \$ 287,721 | \$ - | \$ 1,953,629 | 14.7% |
| 2016 | PERS Plan A | \$ 257,102 | \$ 257,102 | \$ - | \$ 1,976,205 | 13.0% |
| 2017 | PERS Plan A | \$ 256,907 | \$ 256,907 | \$ - | \$ 2,028,789 | 12.5% |
| 2018 | PERS Plan A | \$ 253,599 | \$ 253,599 | \$ - | \$ 2,139,882 | 11.5% |
| 2019 | PERS Plan A | \$ 263,527 | \$ 263,527 | \$ - | \$ 2,291,537 | 11.5% |
| 2020 | PERS Plan A | \$ 306,758 | \$ 306,758 | \$ - | \$ 2,504,149 | 12.25% |

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

OTHER SUPPLEMENTAL INFORMATION

**PLAQUEMINES PORT, HARBOR, & TERMINAL DISTRICT
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO
 AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
 For the Year Ended December 31, 2020**

| Agency Head | Maynard Sanders |
|--|-------------------|
| Purpose | Amount |
| Salary | \$ 210,596 |
| Benefits- Insurance | 29,227 |
| Benefits- Retirement | 25,856 |
| Vehicle- Fuel | 2,691 |
| Vehicle-Fringe Benefits | 599 |
| Data/Wireless- Benefits | 1,533 |
| Conferences | - |
| Reimbursements | - |
| Travel (Hotel, Air, Car Rental, Taxi, Meals) | 12,478 |
| Special Meals | 399 |
| Total | <u>\$ 283,379</u> |

COMPLIANCE AND INTERNAL CONTROL SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Plaquemines Port, Harbor & Terminal District (the District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 30, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

However, we noted a certain matter that we reported to the management of the District on a separate letter dated September 30, 2021.

The District's Response to Management Letter

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

Purpose of this Report

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

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

Camnetar & Co.

Camnetar & Co., CPAs

a professional accounting corporation

Gretna, Louisiana

September 30, 2021

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2020

We have audited the financial statements of the Plaquemine Port, Harbor & Terminal District as of and for the year ended December 31, 2020, and have issued our report thereon dated September 30, 2021. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2020, resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

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

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

Was a management letter issued? Yes No

B. Federal Awards

The Plaquemines Port, Harbor & Terminal District did not expend federal awards exceeding \$750,000 during the year ended December 31, 2020, and therefore is exempt from the audit requirements under the Single Audit and the Uniform Guidance.

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2020

Section II Financial Statement Findings

A. Issues of Noncompliance

None

B. Significant Deficiencies

None

C. Material Weakness

None

D. Management Letter

2020-1 Cooperative Endeavor Agreement (CEA) with Plaquemines Parish Government

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

As a best practice and transparency in government, a transfer of funds between two governmental entities should be supported by an adequate cooperative endeavor agreement.

Condition –The Plaquemines Parish Council is the sole governing authority of the District commonly referred to as the District’s Board of Commissioners. The District and the Plaquemines Parish Government are two distinct legal entities created individually by different state statutes. The Board budgeted and required to be paid an interagency service fee to the Plaquemines Parish Government in the amount of \$883,091 for the purposes of 911 services, civil service, council expenses, council secretary expenses, emergency preparations and telecommunications, fire-fighting and ambulance service fee.

The District has written agreements in the form of a CEA and leases with the PPG for dredging, land and building leases.

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

Effect – The District transferred funds to the Plaquemines Parish Government (PPG) without a written agreement that set forth in reasonable detail the following items: (1) obligations of the District and PPG, (2) reasonable expectations that the benefits to be received by the local governmental entity from the transfer, (3) consequences to the public in the event of a default or breach of the agreement.

**PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2020**

D. Management Letter (continued)

2020-1 Cooperative Endeavor Agreement (CEA) with Plaquemines Parish Government
(continued)

Recommendation – As a best practice we recommend, the District enter into a cooperative endeavor agreement with the Plaquemines Parish Government regarding interagency service fees.

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

Section III Federal Award Findings and Questioned Costs

Not applicable.

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2020

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

A. Issues of Noncompliance

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

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

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

Status – Unresolved See 2020-1

B. Significant Deficiencies

None

C. Management Letter

2019-2 Budget Control Policy & Budget to Actual Discussions

The District's budget policy does not have monitoring/control procedures to achieve the policy set forth by the ordinance. The District's ability to monitor, detect, and communicate budget to actual results set forth by the governing body is impeded by the lack of budget control procedures. The governing body's discussions of budget to actual results could be impeded by the lack of control procedures. The District's actual revenue results for the year ended December 31, 2019 were 5.5% less than those budgeted.

The District should develop and implement written budgetary control procedures.

Status - Resolved

PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2020

C. Management Letter (continued)

2019-3 Special Meals and Travel Documentation

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

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

Status - Resolved

2019-4 District vessel activity

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

Status – Resolved

**PLAQUEMINES PORT, HARBOR & TERMINAL DISTRICT
MANAGEMENT'S CORRECTIVE ACTION PLAN
For The Year Ended December 31, 2020**

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

A. Issues of noncompliance

None

B. Issues of significant deficiencies

None

C. Material Weakness

None

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

Not Applicable.

Section III – Management Letter

2020-1 Cooperative Endeavor Agreement (CEA) with Plaquemines Parish Government

Management's Response – Management understands and appreciates the auditor's view in this matter. Management agrees written cooperative endeavor agreements are a good tool. However, it is the Board's opinion a written cooperative endeavor agreement is not required for the interagency service fees and has directed management to transfer the funds without such agreement. Management will continue to carry out the directives set forth by the Board.