

PORT OF IBERIA DISTRICT

FINANCIAL REPORT

JUNE 30, 2022

CONTENTS

	Exhibits/ Schedules	Page
INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS	-	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	-	5 - 8
BASIC FINANCIAL STATEMENTS		
Statements of net position	A	10 and 11
Statements of revenues, expenses and changes in net position	B	12 and 13
Statements of cash flows	C	14 and 15
Notes to financial statements	-	16 - 30
REQUIRED SUPPLEMENTARY INFORMATION TO FINANCIAL STATEMENTS		
Schedule of funding progress – other post-employment benefit plan	D	32
Schedule of the District's proportionate share of the net pension liability (asset)	E	33
Schedule of the District's contributions	F	34
OTHER SUPPLEMENTARY INFORMATION		
Schedule of compensation, benefits and other payments to agency head	G	36
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	-	37 and 38
Schedule of findings and responses	H-1	39
Schedule of prior year findings	H-2	40

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Port of Iberia District
New Iberia, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying basic financial statements of the Port of Iberia District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Port of Iberia District's basic financial statements as listed in table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Port of Iberia District, as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 5 through 8 and on pages 32 through 34, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that comprise the District's basic financial statements. The schedule of compensation, benefits and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to agency head is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 13, 2022, on our consideration of the Port of Iberia District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port of Iberia 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 the Port of Iberia District's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Brionard Leche" followed by a stylized monogram or initials.

Lafayette, Louisiana
December 13, 2022

This page intentionally left blank.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) of the District's annual financial report 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 that begin on page 10.

FINANCIAL HIGHLIGHTS

Assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$139,220,081 (net position). Of this amount, 26.33% or \$36,656,690 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors in accordance with the District's fiscal policies.

The District's net position increased \$9,213,978 resulting from operating income generated and state and local funding received under the various programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements and the notes to financial statements.

The District's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the statements of revenues, expenses, and changes in net position. All assets and liabilities associated with the operations of the District are included in the statements of net position.

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

FINANCIAL ANALYSIS

Net Position

The District's total assets and deferred outflows of resources at June 30, 2022 was \$176,045,423. This represented an increase of \$40,396,969 or 29.78% over the prior year. This increase was the result of adopting GASB 87 and recognizing \$33,611,295 of receivables associated with tenant leases. Total liabilities and deferred inflows of resources at June 30, 2022 amounted to \$36,825,342 for an increase of \$32,622,967 or 776.3% from 2021. The increase is the result of recognizing deferred inflows associated with tenant leases upon adoption of GASB 87. As of June 30, 2022, total net position was \$139,220,081, which represented an increase of \$9,443,848 or 8.35%. The District's net position is detailed in Table 1.

TABLE 1
Port of Iberia District
Net Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets:		
Current assets	\$ 42,075,110	\$ 40,975,146
Property (net)	102,362,327	94,367,804
Other assets	<u>31,569,250</u>	<u>254,128</u>
Total assets	<u>\$176,006,687</u>	<u>\$135,597,078</u>
Deferred outflows of resources	<u>\$ 38,736</u>	<u>\$ 51,376</u>
Current liabilities	\$ 2,027,909	\$ 5,664,053
Long-term liabilities	<u>60,181</u>	<u>74,598</u>
Total liabilities	<u>\$ 2,088,090</u>	<u>\$ 5,738,651</u>
Deferred inflows of resources	<u>\$ 34,737,252</u>	<u>\$ 133,570</u>
Net position:		
Net investment in capital assets	\$102,362,327	\$ 94,367,804
Restricted	201,064	193,253
Unrestricted	<u>36,656,690</u>	<u>35,215,176</u>
Total net position	<u>\$139,222,081</u>	<u>\$129,776,233</u>

In 2022, property (net) increased \$7,994,523 to \$102,362,327 or 8.47% over 2021 primarily due to additions related to ongoing construction projects partially offset by depreciation expense of \$2,435,615. Other assets of the District increased \$31,315,122 during 2022 due to the addition of lease receivables (adoption of GASB 87).

The item "net investment in capital assets," consists of capital assets net of accumulated depreciation reduced by the amount of outstanding indebtedness (offset by the related debt) attributable to the acquisition, construction, or improvement of those assets.

Changes in Net Position

For the year ending June 30, 2022, the change in net position was an increase of \$9,213,978 or 7.10%. A cumulative effect for the implementation of GASB 87 in the amount of \$229,870 was an additional change in net position. During 2022, the District's total operating revenues amounted to \$3,319,600, an increase of \$529,120 or 18.96% over 2021. During 2022, total operating expenses amounted to \$4,032,732, an increase of \$260,878 or 6.92% over 2021. Capital contributions for the year ending June 30, 2022 amounted to \$9,684,481, a decrease of \$7,499,140 or 43.64% over 2021 due to decreases in reimbursable capital expenditures under the state Port Priority and AGMAC Programs. The changes in net position are detailed in Table 2.

TABLE 2
Port of Iberia District
Changes in Net Position
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Docks	\$ 40,252	\$ 32,475
Leases	3,261,008	2,739,110
Other	<u>18,340</u>	<u>18,895</u>
Total operating revenues	<u>\$ 3,319,600</u>	<u>\$ 2,790,480</u>
Operating expenses:		
Operating expenses	\$ 1,597,117	\$ 1,352,064
Depreciation	<u>2,435,615</u>	<u>2,419,790</u>
Total operating expenses	<u>\$ 4,032,732</u>	<u>\$ 3,771,854</u>
Operating loss	\$ (713,132)	\$ (981,374)
Other revenue, net	242,629	525,126
Capital contributions	<u>9,684,481</u>	<u>17,183,621</u>
Change in net position	\$ 9,213,978	\$ 16,727,373
Total net position, beginning of year	129,776,233	113,048,860
GASB 87 implementation	<u>229,870</u>	<u>-</u>
Total net position, end of year	<u>\$139,220,081</u>	<u>\$129,776,233</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2022, the District had invested \$102,362,327 in capital assets net of accumulated depreciation and related debt. As compared to the prior year, this amount represents an increase of \$7,994,523. The change is the result of new capital additions in the current year partially offset by depreciation expense.

Additional information on the District's capital assets can be found in Note 3 on page 22 of this report.

Debt Administration

In addition, the District has a \$250,000 payable recorded on the statements of net position as of June 30, 2022 and 2021 to the Louisiana State Bond Commission. This amount was to be reimbursed to the Louisiana State Bond Commission. However, during the 1993 regular session of the Louisiana Legislature, HCR267 was adopted to grant \$250,000 to the Port of Iberia District. In lieu of payment to the Port of Iberia District, the State Bond Commission was to cancel the \$250,000 payable to the State of Louisiana, as per written correspondence from Governor Edwin W. Edwards and an act of the 1993 Louisiana Legislature. The Attorney General's Office has indicated that the way this was handled was unconstitutional. This problem has not been resolved as of the date of these financial statements.

Additional information on the Port of Iberia District's debt can be found in Note 4 on page 22 of this report.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Port of Iberia District, Post Office Box 9986, New Iberia, Louisiana 70562.

BASIC FINANCIAL STATEMENTS

PORT OF IBERIA DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalent	\$ 35,241,694
Certificates of deposit	152,393
Investment in LAMP	548,405
Leases receivable, net of allowance for doubtful accounts of \$25,000	2,431,121
Due from other governmental agencies	3,021,572
Prepaid expenses	287,646
Other receivables	<u>392,279</u>

Total current assets \$ 42,075,110

PROPERTY, PLANT AND EQUIPMENT, net of
accumulated depreciation of \$41,021,673

\$102,362,327

OTHER ASSETS

Net pension asset	\$ 188,012
Leases receivable, net of current portion	31,180,174
Restricted cash	<u>201,064</u>

Total other assets \$ 31,569,250

Total assets \$176,006,687

DEFERRED OUTFLOWS OF RESOURCES

Defined benefit pension plan	<u>\$ 38,736</u>
------------------------------	------------------

Total assets and deferred outflows of resources \$176,045,423

See Notes to Financial Statements.

LIABILITIES, DEFERRED INFLOWS OF RESOURCES
AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$ 44,864
Construction project payables	1,430,982
Accrued expenses	46,403
Due to other governments	281,604
Deposits payable	<u>224,056</u>

Total current liabilities \$ 2,027,909

LONG-TERM LIABILITIES

Unfunded OPEB obligation	\$ <u>60,181</u>
--------------------------	------------------

Total long-term liabilities \$ 60,181

Total liabilities \$ 2,088,090

DEFERRED INFLOWS OF RESOURCES

Defined benefit pension plan	\$ 184,566
Leases	<u>34,552,686</u>

Total deferred inflows of resources \$ 34,737,252

NET POSITION

Net investment in capital assets	\$102,362,327
Restricted	201,064
Unrestricted	<u>36,656,690</u>

Total net position \$ 139,220,081

Total liabilities, deferred inflows of resources and net position \$ 176,045,423

PORT OF IBERIA DISTRICT
 STATEMENTS OF REVENUES, EXPENSES, AND
 CHANGES IN NET POSITION
 For the Year Ended June 30, 2022

OPERATING REVENUES

Leases	\$ 2,785,921
Interest income – leases	475,087
Tonnage and docking fees	20,823
Boat stall rentals	19,429
Sewerage district maintenance fees	7,185
Water franchise fee	<u>11,155</u>
Total operating revenues	<u>\$ 3,319,600</u>

OPERATING EXPENSES

Accounting and auditing	\$ 29,020
Advertising	65,531
Auto allowances	27,702
Depreciation and amortization	2,435,615
Dues and subscriptions	10,731
Employee benefits	(36,351)
AGMAC project costs	287,604
Hurricane repairs	43,255
Insurance	423,827
Legal fees	58,692
Miscellaneous	101
Office expense	39,407
Outside services	102,478
Port improvements and development	61,883
Repairs and maintenance	135,998
Salaries:	
Director	149,672
Other	137,745
Taxes – payroll	4,480
Travel	5,616
Telephone	31,196
Utilities	<u>18,530</u>
Total operating expenses	<u>\$ 4,032,732</u>
Operating loss	<u>\$ (713,132)</u>

(continued)

PORT OF IBERIA DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION (CONTINUED)
For the Year Ended June 30, 2022

Operating loss (carried forward)	\$ (713,132)
OTHER REVENUE (EXPENSE)	
Interest income - investments	\$ 114,570
Net gain on lease termination	<u>128,059</u>
Total other revenue (net)	<u>\$ 242,629</u>
Loss before capital contributions	\$ (470,503)
Capital grants and contributions	<u>9,684,481</u>
Change in net position	<u>\$ 9,213,978</u>
Net position, beginning of year, as previously stated	\$129,776,233
Cumulative effect of implementation of new accounting standard	<u>229,870</u>
Net position, beginning of year, as restated	<u>\$130,006,103</u>
Net position, end of year	<u>\$139,220,081</u>

See Notes to Financial Statements.

PORT OF IBERIA DISTRICT
STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 3,146,617
Receipts from other governmental units	7,185
Other operating receipts	11,155
Payments to suppliers	(1,371,508)
Payments to employees	<u>(287,417)</u>
Net cash provided by operating activities	<u>\$ 1,506,032</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Increase in customer deposits	\$ 25,000
Increase in restricted cash	<u>(7,811)</u>
Net cash provided by noncapital financing activities	<u>\$ 17,189</u>

CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES

Capital contributions	\$ 11,659,127
Capital asset acquisitions	<u>(12,413,291)</u>
Net cash used in capital related financing activities	<u>\$ (754,164)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of certificates of deposit	\$ (125,363)
Other non-operating income	242,629
Net increase in LAMP	<u>(1,266)</u>
Net cash provided by investing activities	<u>\$ 116,000</u>

Net increase in cash and cash equivalents	\$ 885,057
Cash and cash equivalents, beginning of year	<u>34,356,637</u>
Cash and cash equivalents, end of year	<u>\$ 35,241,694</u>

(continued)

PORT OF IBERIA DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
For the Year Ended June 30, 2022

RECONCILIATION OF INCOME FROM OPERATING TO NET
CASH PROVIDED BY OPERATING ACTIVITIES

Operating loss	\$ (713,132)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	2,435,615
Change in assets and liabilities -	
(Increase) decrease in assets:	
Leases receivables	(32,722,169)
Prepaid expenses and other assets	(291,059)
(Decrease) increase in liabilities:	
Accounts payable	(9,221)
Accrued expenses	1,076
Unfunded net pension and OPEB liabilities	(141,554)
Change in deferred outflows of resources	12,640
Change in deferred inflows of resources	<u>32,933,836</u>
Net cash provided by operating activities	<u>\$ 1,506,032</u>

See Notes to Financial Statements.

PORT OF IBERIA DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of Port of Iberia District (the "District") are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the District's accounting policies are described below.

Reporting entity:

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Primary government -

Port of Iberia District - The District is a political subdivision of the State of Louisiana created under the provisions of Louisiana Revised Statute 34:241. The District is governed by a board of commissioners consisting of seven members who serve without compensation. Two of the members are appointed by the City of New Iberia, one member each by the Towns of Jeanerette and Loreauville, and three members are appointed by the Iberia Parish Council. The Board is responsible for the regulation of commerce and traffic within the District.

Operations of the District are administered through an executive director who also serves as the port director. The operations of the District are financed primarily through lease payments from port improvements as well as various operating grants from state and federal agencies. The District's offices and operations are located in an area that is five miles south of the City of New Iberia and encompasses more than 2,000 acres of land, both public and private, and is the base of operations for more than 30 companies. There are 10 miles of access roadways, three miles of railroad frontage, steel bulkheading, sewerage system, electrical service, natural gas, 11-1/2 miles of water frontage, 14 miles of water system that provides access to the Intracoastal Waterway and Gulf of Mexico, and a developed water channel, public dock, and marina.

Component units -

Governmental accounting standards establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.

NOTES TO FINANCIAL STATEMENTS

2. Whether the primary government's governing authority appoints a majority of board members of the potential component unit.
3. Fiscal interdependency between the primary government and the potential component unit.
4. Imposition of will by the primary government on the potential component unit.
5. Financial benefit/burden relationship between the primary government and the potential component unit.

The Port of Iberia Economic Development Corporation (the "Corporation") was created in February 2014 and is considered to be a related organization of the District. The Corporation is a legally separate nonprofit public benefit and economic development corporation organized pursuant to the Louisiana Nonprofit Corporation Law in Chapter 2, Title 12, the Economic Development Cooperative Law in Part 1, Chapter 27, Title 33 and the public benefit corporation requirements as set forth in Section 1215(b), Part 1, Chapter 10, Title 41 of the Louisiana Revised Statutes. The transactions and activity of the Corporation during 2022 were not significant to the District.

Measurement focus, basis of accounting and financial statement presentation:

The accounting policies of the District are in conformity with accounting principles generally accepted in the United States of America as it applies to governmental entities. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred, regardless of when paid. Grants and similar items are recognized as revenues as soon as all earning requirements have been met.

The District's accounting records are accounted for in a single proprietary fund. The District's operations are financed and operated similar to a private business enterprise. Under a proprietary fund, costs of providing services are recovered through charges for those services to customers. Operating revenues and expenses are exclusive of nonoperating items. Operating revenues result from leasing property and providing services. Operating expenses are the result of costs associated with providing services and depreciation of capital assets used in providing those services. Revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

When both restricted and unrestricted net position are available for use, restricted resources are first used with unrestricted resources consumed, as they are needed.

Use of estimates:

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

Budgetary accounting:

Annually, the District adopts a cash basis budget for its operations. A comparison of revenues and expenses to budget is not included in the accompanying financial statements since it is not required by generally accepted accounting principles.

NOTES TO FINANCIAL STATEMENTS

Cash and cash equivalents:

Cash includes amounts in deposits held at financial institutions and cash on hand. For purposes of statements of cash flows, highly liquid investments with an original maturity of three months or less are considered to be cash equivalents.

Investments:

Investments include certificates of deposit and amounts invested in the Louisiana Asset Management Pool (LAMP). State statutes authorize the District to invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. LAMP is a local government investment pool initiated by the Louisiana Treasurer's office and invests its assets only in securities and other obligations that are permissible under Louisiana State law for local governments. In accordance with generally accepted accounting principles, investments meeting the criteria specified are stated at fair value. Investments which do not meet the requirements are stated at cost.

Fair value measurement -

Investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 – investments reflect prices quoted in active markets

Level 2 – investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active

Level 3 – investments reflect prices based upon unobservable sources

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Investments classified as Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Investments classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. Investments classified in Level 3 are valued based upon unobservable sources.

Prepaid items:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Receivables:

The District's lease receivables is measured at the present value of lease payments expected to be received during the lease terms for various port properties plus amounts invoiced and not yet collected. Under the lease agreements, lease payments are generally annual fixed payments due at the beginning of the year. Leases terms vary and contain options to renew.

A deferred inflow of resources is recorded for the leases. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the leases.

NOTES TO FINANCIAL STATEMENTS

All receivables are shown net of an allowance account, as applicable. As of June 30, 2022, an allowance of \$25,000 was recognized for potential uncollectible billed invoices related to leases.

Property, plant, and equipment:

All capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

Depreciation of all exhaustible fixed assets is recorded as an operating expense in the statements of revenues, expenses and changes in net position, with accumulated depreciation reflected in the statements of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Furniture and fixtures	5 – 15
Steel bulkheading	30 – 40
Buildings and improvements	10 – 40

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District has one item that meets this criterion, pension deferrals, for the 2022 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District has two items which meet the criterion for this category, pension deferrals and leases.

Compensated absences:

The District's formal policy on vacation and sick leave provides that permanent employees of the District accrue from 12 to 21 days of vacation and sick leave per year depending on the length of service (unless specifically negotiated under a separate employment contract). A maximum of 45 days of vacation leave and 180 days of sick leave may be accumulated. The policy provides for the payment of accumulated vacation leave not to exceed 45 working days upon retirement or voluntary separation of employment. The policy does not provide for the payment of accumulated sick leave. After 40 hours worked per week, compensatory time is earned at 1.5 hours for each hour worked.

Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. As of June 30, 2022, total accrued vacation leave amounted to \$22,163. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

NOTES TO FINANCIAL STATEMENTS

Pensions:

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

Other postretirement employee benefit plan:

The District has elected to calculate information of an actuarial nature using the alternative measurement method permitted by GASB Statement 75 for plans with fewer than 100 employees.

The District pays the benefits as due and does not provide separate funding for the estimated liability calculated and accrued under this plan.

Adopted accounting pronouncements:

During June 2017, the Governmental Accounting Standards Board (GASB) issued *GASB Statement No. 87 – Leases* as amended by *GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance*. The objective of this statement is to establish standards of accounting and financial reporting for leases by lessees and lessors. July 1, 2021 the District adopted the provisions of GASB No. 87. Upon adoption of GASB 87 the District recognized a cumulative effect on net position of \$229,870.

During June 2018, the Governmental Accounting Standards Board (GASB) issued *GASB Statement No. 89 - Accounting for interest cost incurred before the end of a construction period* as amended by *GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. During 2022, the District adopted the provisions of GASB No. 89, which had no effect on the financial statements.

Note 2. Deposits and Investments

At June 30, 2022, the carrying amount of the District's deposits, including demand deposit accounts and certificates of deposit, was \$35,595,151 and the bank balance was \$35,941,560. Of the bank balance, \$402,393 was secured from risk by federal deposit insurance and remainder by pledged securities held by the custodial banks in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy to ensure there is no exposure to this risk is to require each financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. These securities must be pledged in the District's name.

NOTES TO FINANCIAL STATEMENTS

As a means of limiting its exposure to fair value losses arising from rising interest rates, it is the District's policy that generally the District only invest in "certificate of deposit" and "money market instruments," which are defined as very creditworthy, highly liquid investments with maturities of one year or less.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy limits investments to fully insured and/or fully collateralized certificates of deposits and investment in the Louisiana Asset Management Pool (LAMP).

The LAMP is an investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment; the LAMP is not registered with the Securities and Exchange Commission (SEC) as an investment company. The LAMP is operated by a non-profit corporation, Louisiana Asset Management Pool, Inc., whose officers include the President, normally the Treasurer of the State of Louisiana, and a Secretary/Treasurer who is charged with the day-to-day operations of the program. LAMP, Inc. is governed by a Board of Directors consisting of nine to fourteen members elected each year by the participating entities.

The LAMP is intended to improve administrative efficiency and increase investment yield of participating public entities. The LAMP's portfolio securities are valued at market value even though the amortized cost method is permitted by Rule 2a-7 of the Investment Company Act of 1940, as amended, which governs registered money market funds, although the LAMP is not a money market fund and has no obligation to conform to this rule. The investment objectives of the LAMP are to preserve capital and protect principal, maintain sufficient liquidity, provide safety of funds and investments, and maximize the return on the pool. The LAMP seeks to maintain a stable net asset value of \$1.00 per unit, but there can be no assurance that the LAMP will be able to achieve this objective.

The dollar weighted average portfolio maturity of the LAMP assets is restricted to no more than 60 days. The LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in the LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by the LAMP and the fair value of the position of the pool is the same as the value of the pool shares. As of March 2022, the LAMP had a Standards and Poor's pool rating of AAAM. The total amount invested in LAMP at June 30, 2022 was \$548,405.

NOTES TO FINANCIAL STATEMENTS

Note 3. Property, Plant, and Equipment

A summary of activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$15,933,568	\$ -	\$ -	\$ 15,933,568
Construction in progress	<u>21,338,015</u>	<u>10,274,735</u>	<u>-</u>	<u>31,612,750</u>
	<u>\$37,271,583</u>	<u>\$10,274,735</u>	<u>\$ -</u>	<u>\$ 47,546,318</u>
Capital assets being depreciated:				
Buildings and improvements	\$50,428,143	\$ 128,580	\$ -	\$50,556,723
Equipment and fixtures	455,451	26,823	-	482,274
Docks and bulkheading	34,214,181	-	-	34,214,181
Utility improvements	2,124,570	-	-	2,124,570
Channel improvements	8,402,787	-	-	8,402,787
Signage	<u>57,147</u>	<u>-</u>	<u>-</u>	<u>57,147</u>
Total capital assets being depreciated	<u>\$95,682,279</u>	<u>\$ 155,403</u>	<u>\$ -</u>	<u>\$ 95,837,682</u>
Less accumulated depreciation for:				
Buildings and improvements	\$20,359,146	\$ 1,257,216	\$ -	\$ 21,616,362
Equipment and fixtures	362,321	14,636	-	376,957
Docks and bulkheading	10,218,425	841,053	-	11,059,478
Utility improvements	1,381,135	70,818	-	1,451,953
Channel improvements	6,207,884	251,892	-	6,459,776
Signage	<u>57,147</u>	<u>-</u>	<u>-</u>	<u>57,147</u>
Total accumulated depreciation	<u>\$38,586,058</u>	<u>\$ 2,435,615</u>	<u>\$ -</u>	<u>\$ 41,021,673</u>
Total capital assets being depreciated, net	<u>\$57,096,221</u>	<u>\$ (2,280,212)</u>	<u>\$ -</u>	<u>\$ 54,816,009</u>
Total capital assets, net	<u>\$94,367,804</u>	<u>\$ 7,994,523</u>	<u>\$ -</u>	<u>\$102,362,327</u>

Substantially, all land, buildings, docks, and bulkheadings are leased to District tenants.

Note 4. Due to Other Governments

The District has a \$250,000 non-interest bearing payable recorded in the statements of net position as a due to other governmental agencies. This payable is due to the Louisiana State Bond Commission. The amount due was to be reimbursed to the Louisiana State Bond Commission over a five year period at \$50,000 annually without any interest. The installments due March 1990, 1991, 1992, 1993, and 1994 were deferred by the state. During the 1993 regular session of the Louisiana Legislature, HCR267 was adopted to grant the \$250,000 to the District. In lieu of payment to the District, the State Bond Commission was to cancel the \$250,000 payable to the State of Louisiana, as per written correspondence from the Governor and an act of the 1993 Louisiana Legislature. The Attorney General's Office has indicated that the way the transaction was handled is in violation of the State Constitution. This problem has not been resolved as of the date of the financial statements and the transaction remains a liability.

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan

General information about the Plan:

All employees of the District are members of the Parochial Employees Retirement System of Louisiana (System), cost-sharing, multiple employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana and is administered by a separate board of trustees. The System is to provide retirement benefits to all employees of any parish in the state of Louisiana or any governing body which employs and pays persons serving the parish. It is composed of two plans, Plan A and Plan B, with separate assets and benefit provisions. The System is governed by Louisiana Revised Statutes, Title 11, Sections 1901 – 2025 and other general laws of the State of Louisiana. Benefits are established or amended by State Statute. The System issues a publicly available financial report that can be obtained at persla.org. All employees of the District are members of Plan A.

Benefits provided:

Retirement - All permanent employees working at least 28 hours per week are eligible to participate in the System. Under Plan A, employees (who were hired prior to January 1, 2007) and who retire at or after age 65 with at least 7 years of creditable service, at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final average salary for each year of creditable service. For employees hired after January 1, 2007 and who retire at age 55 with at least 30 years of creditable service, at age 62 with 10 years of creditable service or at age 67 with 7 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final average salary for each year of creditable service. Final-average salary is the employee's average salary over the 35 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination.

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

Deferred retirement option plan - Act 338 of 1990 established the deferred retirement option plan (DROP) for the retirement system. DROP is an option for a member who is eligible for normal retirement.

This option allows a member who is eligible to retire to elect to defer the receipt of benefits for three years. During this time period, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable had the person terminated employment are paid into the DROP fund. Upon termination, a participant may receive, at their option, a lump sum from the account equal to the balance, an annuity based upon the account balance in the fund or rollover the fund to an individual retirement account.

Disability benefits - For Plan A, a member may be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007 and has a least five 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 certified as disabled by the State Medical Disability Board. Disability benefits are equal to the lesser of three percent of the final average compensation multiplied by the years of service, not to be less than 15, or three percent multiplied by years of service assuming continued service to age 60 for those members who are enrolled prior to January 1, 2017 and to age 62 for those members who are enrolled January 1, 2007 and later.

NOTES TO FINANCIAL STATEMENTS

Contributions:

Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the District is required to contribute at an actuarially determined rate. (For the plan years ended December 31, 2021, the actuarially determined contribution rate was 10.38%, of the member's compensation for Plan A. However, the actual rate was 12.25%, of annual covered payroll for Plan A.) Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System under Plan A, exclusive of employee portion, for the years ending June 30, 2022 was \$34,500, equal to the required contributions for the year.

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

At June 30, 2022, the District reported an asset of \$188,012, for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021 and the total pension assets used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on a projection of the District's required projected share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2021, the District's proportion was .039914%.

For the years ended June 30, 2022, the District recognized pension recovery of \$29,001. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Outflows</u>	<u>Inflows</u>
Deferred resources:		
Differences between expected and actual experience	\$ 11,359	\$ 13,627
Change in assumptions	9,805	-
Net difference between projected and actual earnings on pension plan investments	-	162,627
Changes in proportion and differences between employer contributions and proportionate share of contributions	64	8,312
Contributions subsequent to measurement date	<u>17,508</u>	<u>-</u>
Ending balance	<u>\$ 38,736</u>	<u>\$184,566</u>

NOTES TO FINANCIAL STATEMENTS

The District reported \$17,508 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30:</u>	
2023	\$ (16,787)
2024	\$ (67,515)
2025	\$ (44,105)
2026	\$ (17,423)
2027	\$ -
Thereafter	\$ -

Actuarial methods and assumptions - The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

December 31, 2021:	
Inflation	2.30%
Salary increases	4.75% (including inflation)
Investment rate of return	6.40% (net of investment expense)
Actuarial cost method	Entry Age Normal
Expected remaining service lives	4 years

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 assigned a 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. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. For Disabled annuitants mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.

Cost of living adjustments are based on the present value of future retirement benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Louisiana Legislature.

At December 31, 2021, the discount rate used to measure the total pension liability was 6.40%. 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 System'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 total pension liability.

NOTES TO FINANCIAL STATEMENTS

The long-term 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 approach (bottom-up). Risk and return 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 2.10% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.00% for the year ended December 31, 2021.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2021 are summarized in the following table:

	<u>December 31, 2021</u>	
	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Asset class:		
Fixed income	33%	0.85%
Equity	51%	3.23%
Alternatives	14%	0.71%
Real assets	<u>2%</u>	<u>0.11%</u>
	<u>100%</u>	4.90%
Inflation		<u>2.10%</u>
Expected arithmetic nominal return		<u>7.00%</u>

Sensitivity to changes in discount rate - The following presents the net pension liability (asset) of the District as of December 31, 2021 calculated using the discount rate of 6.40%, as well as what the District's net pension liability(asset) would be if it were calculated using a discount rate that is one percentage point lower 5.40% or one percentage point higher 7.40% than the current rate.

	<u>December 31, 2021</u>		
	1% Decrease	Current Discount Rate	1% Increase
	<u>5.40%</u>	<u>6.40%</u>	<u>7.40%</u>
Employers proportionate share of the net pension liability (asset)	<u>\$ 33,519</u>	<u>\$(188,012)</u>	<u>\$(373,585)</u>

As of June 30, 2022, the District had amounts payable to the plan of \$16,001, for employer and employee shares of required contributions to the plan for the period April 1 to June 30, 2022.

Detailed information about the pension plan's fiduciary net position is available in audited stand-alone issued financial statements for the years ended December 31, 2021. Access to the audit report and financials can be found on the System's website: www.persla.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

NOTES TO FINANCIAL STATEMENTS

Note 6. Lease of Land by District

The District is presently leasing approximately 140 acres of land from the City of New Iberia for a period of 99 years at a cost of \$1 per year. The effective dates of the lease are from July 28, 1948 to July 27, 2047.

Note 7. Lease of Land and Facilities to Others

A significant portion of revenue generated by the District is attributable to District owned property leased to tenants at the District. Minimum future rentals on these noncancelable leases for the next five years and thereafter are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,431,121	\$ 523,080	\$ 2,954,201
2024	2,145,285	494,990	2,640,275
2025	2,170,639	469,634	2,640,273
2026	2,196,351	443,924	2,640,275
2027	2,017,369	417,859	2,435,228
2028-2032	10,330,050	1,717,632	12,047,682
2033-2037	8,151,261	1,096,541	9,247,802
2038-2042	5,523,103	633,375	6,156,478
2043-2047	4,718,412	215,383	4,933,795
2048-2052	<u>974,697</u>	<u>14,645</u>	<u>989,342</u>
	\$ 40,658,288	\$ 6,027,063	\$ 46,685,351
Less: estimated reserves for lease cancellations	<u>(7,046,993)</u>	<u>-</u>	<u>(7,046,993)</u>
Minimum future lease rentals, net	<u>\$ 33,611,295</u>	<u>\$ 6,027,063</u>	<u>\$ 39,638,358</u>

Note 8. Board of Commissioners Compensation

The Board of Commissioners of the District serve without compensation.

Note 9. Risk Management

The District is subject to certain exposures to losses in the ordinary course of business operations. To address those exposures, the District utilizes commercial risks insurance.

Note 10. Federal, State and Local Assistance

In fiscal year 2022, the District received funds from the Louisiana Department of Transportation and Development under the state's Port Priority Program in order to assist in paying for certain capital expenditures associated with various construction projects whereby the improvements are intended to be leased to tenants of the port.

In addition, the District received funds from the Louisiana Department of Transportation and Development in order to assist them in paying certain expenditures associated with the establishment of a deep-water access channel to the Gulf

NOTES TO FINANCIAL STATEMENTS

of Mexico (AGMAC construction project). These funds were used to cover costs associated with the bulkhead, utility and gas line relocation phases of the project.

The following is a recap of federal, state and local assistance recognized by the District for the years ending June 30, 2022.

State:

Louisiana Department of Transportation and Development
(AGMAC Project and Port Priority Funding)

\$ 9,684,481

Note 11. Intergovernmental Agreements

In August 2000, the District entered into an intergovernmental agreement with Sewerage District #1 in order to provide the necessary labor, materials, chemicals, and expertise to operate and maintain the sewer system located within the boundaries of the District. As part of this agreement, the District collects an additional fee in the amount of 10% of the regular monthly charges. This amount is restricted to recoup the costs of constructing the system and is placed in an escrow account to offset repairs, replacement and upgrade of the system. As of June 30, 2022, total cash restricted for this purpose amounted to \$201,064.

Note 12. Commitments

The District had open construction and engineering contracts at June 30, 2022 for the following projects:

	<u>Contract</u>	<u>Expended</u>	<u>Remaining Commitment</u>
West Yard Projects	\$ 134,500	\$ 121,050	\$ 13,450
Port Millennium Expanse Phase III	445,089	47,042	398,047
Tracts O and P Port Priority Project	3,620,601	2,908,817	711,784
AGMAC Phase I Dredging	14,370,175	3,988,216	10,381,959
AGMAC Phase II Dredging	<u>1,500,000</u>	<u>356,816</u>	<u>1,143,184</u>
	<u>\$20,070,365</u>	<u>\$ 7,421,941</u>	<u>\$12,648,424</u>

Note 13. Postemployment Benefits Other Than Pensions

Plan description - During 2009, the District renewed the employment contract with the Executive Director. This contract stipulated that the employee will be eligible for and shall participate in a formal Health and Hospitalization Insurance Program. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided - Upon retirement, the District is responsible for 100% of the premiums for a supplemental health insurance program, not to exceed 50% of the total costs of the Health and Hospitalization Program of a similar employee at the same position.

Employees covered by benefit terms - At June 30, 2022, there was one inactive employee covered by the benefit terms.

NOTES TO FINANCIAL STATEMENTS

The District's OPEB liability of \$60,181 was measured as of June 30, 2022, respectively and was determined by use of the alternative measurement method as permitted for plans with fewer than 100 participants.

Actuarial assumptions and other inputs – The total OPEB liability computed as of June 30, 2022 was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<u>2022</u>
Inflation	3.00%
Discount rate	2.00%
Healthcare cost trend rates	7.00%
Salary increases, average, including inflation	3.30%

The discount rate was based on 20-year municipal bond yield rates. Mortality rates were based on the life expectancy tables used by the Internal Revenue Services (Single Life Expectancy).

The expected benefit cost in dollars used in the June 30, 2022 calculations were based on the actual premiums during the time periods July 1, 2021 – June 30, 2022.

Changes in the estimated OPEB liability at June 30 were as follows:

	<u>2022</u>
Balance at beginning of year	\$ 74,598
Interest costs	732
Changes in assumptions or other inputs	(8,082)
Benefit payments	<u>(7,067)</u>
Balance at end of year	<u>\$ 60,181</u>

Changes in assumptions and other inputs primarily reflect the effects of changes to the estimated annual health insurance costs associated with the benefits under the plan for each period. Expense associated with this plan was not significant in 2022.

NOTES TO FINANCIAL STATEMENTS

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 or 1-percentage-point higher than the current discount rate:

	1% Decrease <u>(1.00%)</u>	Discount Rate <u>(2.00%)</u>	1% Increase <u>(3.00%)</u>
Total OPEB liability – June 30, 2022	\$ <u>62,730</u>	\$ <u>60,181</u>	\$ <u>57,781</u>

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 (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current healthcare cost trend rates:

	1% Decrease <u>(6.00%)</u>	Healthcare Cost Trend Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Total OPEB liability – June 30, 2022	\$ <u>57,869</u>	\$ <u>60,181</u>	\$ <u>62,585</u>

Note 14. Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following fair value measurements as of June 30, 2022:

		<u>Fair Value Measurements Using</u>		
		Quoted Prices in Active Markets for Identical Assets/ Liabilities <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
June 30, 2022:	<u>Fair Value</u>			
Louisiana Asset Management Pool	\$ <u>548,405</u>	\$ <u>-</u>	\$ <u>548,405</u>	\$ <u>-</u>

REQUIRED SUPPLEMENTARY INFORMATION

PORT OF IBERIA DISTRICT

SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFIT PLAN
(Required Supplementary Information)

For the Years Ended June 30, 2022, 2021, 2020, 2019, 2018 and 2017

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
OPEB expenses:						
Service costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	732	601	559	436	443	421
Changes in assumptions	(8,082)	9,746	8,228	(8,696)	(3,760)	(1,882)
Benefit payments	<u>(7,067)</u>	<u>(7,150)</u>	<u>(7,197)</u>	<u>(6,271)</u>	<u>(6,837)</u>	<u>(6,934)</u>
Net change in total OPEB liability	\$ (14,417)	3,197	\$ 1,590	\$ (14,531)	\$ (10,154)	\$ (8,395)
Total OPEB liability – beginning	<u>74,598</u>	<u>71,401</u>	<u>69,811</u>	<u>84,342</u>	<u>94,496</u>	<u>102,891</u>
Total OPEB liability – ending	<u>\$ 60,181</u>	<u>\$ 74,598</u>	<u>\$ 71,401</u>	<u>\$ 69,811</u>	<u>\$ 84,342</u>	<u>\$ 94,496</u>
Covered employee payroll	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total OPEB liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A

NOTES TO SCHEDULE

Note 1. *Changes in assumptions or other inputs:* Changes of assumptions and other inputs primarily reflect the effects of changes to the estimated annual health insurance costs associated with the benefits under the plan for each period. Annual costs per participant used in each period was as follows:

2017	\$ 6,934
2018	\$ 6,819
2019	\$ 6,271
2020	\$ 7,197
2021	\$ 7,150
2022	\$ 7,067

Note 2. *Plan/assets:* The Plan is not administered through a separate trust. As such, no assets are accumulated in a trust to pay the related benefits.

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

PORT OF IBERIA DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET)

(Required Supplementary Information)

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

Fiscal Year*	District's proportion of the net pension liability(asset)	District's proportionate share of the net pension liability(asset)	District's covered payroll	District's proportionate share of the net pension liability(asset) as a percentage of its covered payroll	Plan Fiduciary net position as a percentage of the total pension liability
2015	0.036947%	\$ 10,102	\$ 194,367	5.20%	99.15%
2016	0.036654%	\$ 96,484	\$ 209,077	46.15%	92.23%
2017	0.036187%	\$ 74,528	\$ 216,011	34.50%	94.15%
2018	0.035438%	\$ (26,304)	\$ 235,976	-11.15%	101.98%
2019	0.042433%	\$ 188,333	\$ 257,022	73.28%	88.86%
2020	0.040534%	\$ 1,908	\$ 248,133	0.77%	99.89%
2021	0.034718%	\$ (60,875)	\$ 143,235	-25.03%	104.00%
2022	0.039914%	\$ (188,012)	\$ 287,417	-65.41%	110.46%

*Amounts presented were determined as of the measurement date (December 31 of the previous year).

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

Notes to Required Supplementary Information

Changes of Benefit Terms and Assumptions:

2015

A. No changes in benefit terms or assumptions

2016

B. Discount rate decreased from 7.25% to 7.00% and inflation rate decreased from 3.00% to 2.50% along with salary assumptions decreasing from 5.75% to 5.25%.

2017

C. No changes in benefit terms or assumptions.

2018

D. Discount rate decreased from 7.00% to 6.75%.

2019

E. Discount rate decreased from 6.75% to 6.50% and inflation rate decreased from 2.50% to 2.40% along with salary assumptions decreasing from 5.25% to 4.75%. Mortality rates based on Pub-2010 Public Retirement Plans Mortality Table.

2020

F. No changes in benefit terms or assumptions.

2021

G. Discount rate decreased from 6.50% to 6.40% and inflation rate decreased from 2.40% to 2.30%.

2022

H. No changes in benefit terms or assumptions.

PORT OF IBERIA DISTRICT

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS

(Required Supplementary Information)

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

Fiscal Year*	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2015	\$ 47,948	\$ 47,948	\$ -	\$ 194,367	24.67%
2016	\$ 44,331	\$ 44,331	\$ -	\$ 209,077	21.20%
2017	\$ 48,062	\$ 48,062	\$ -	\$ 216,011	22.25%
2018	\$ 50,656	\$ 50,656	\$ -	\$ 235,976	21.47%
2019	\$ 52,633	\$ 52,633	\$ -	\$ 257,022	20.48%
2020	\$ 47,238	\$ 47,238	\$ -	\$ 248,133	19.04%
2021	\$ 47,548	\$ 47,548	\$ -	\$ 243,235	19.55%
2022	\$ 57,705	\$ 57,705	\$ -	\$ 287,417	20.08%

*Amounts presented were determined as of the end of the fiscal year.

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

Notes to Required Supplementary Information

Changes of Benefit Terms and Assumptions include:

2015

A. No changes in benefit terms or assumptions

2016

B. Discount rate decreased from 7.25% to 7.00% and inflation rate decreased from 3.00% to 2.50% along with salary assumptions decreasing from 5.75% to 5.25%.

2017

C. No changes in benefit terms or assumptions.

2018

D. Discount rate decreased from 7.00% to 6.75%.

2019

E. Discount rate decreased from 6.75% to 6.50% and inflation rate decreased from 2.50% to 2.40% along with salary assumptions decreasing from 5.25% to 4.75%. Mortality rates based on Pub-2010 Public Retirement Plans Mortality Table.

2020

F. No changes in benefit terms or assumptions.

2021

G. Discount rate decreased from 6.50% to 6.40% and inflation rate decreased from 2.40% to 2.30%.

2022

H. No changes in benefit terms or assumptions.

OTHER SUPPLEMENTARY INFORMATION

PORT OF IBERIA DISTRICT
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD
For the Year Ended June 30, 2022

Agency Head: Craig F. Romero

Purpose:

Salary	\$ 151,590
--------	------------

Benefits:

Insurance	6,680
-----------	-------

Retirement	17,964
------------	--------

Car allowance	18,000
---------------	--------

Travel	7,721
--------	-------

Registration fees	<u>495</u>
-------------------	------------

\$ 202,450

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

To the Board of Commissioners
Port of Iberia District
New Iberia, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of Port of Iberia District, as of June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port of Iberia 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port of Iberia District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port of Iberia 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

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 Port of Iberia 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 Port of Iberia District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, reading "Brumard Locke CFB". The signature is written in a cursive style with a large, sweeping initial 'B'.

Lafayette, Louisiana
December 13, 2022

PORT OF IBERIA DISTRICT
 SCHEDULE OF FINDINGS AND RESPONSES
 Year Ended June 30, 2022

We have audited the basic financial statements of Port of Iberia District as of and for the year ended June 30, 2022, and have issued our report thereon dated December 13, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2022 resulted in an unmodified opinion.

Section I. - Summary of Auditors' Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material weaknesses ☐ Yes ☒ No

Control deficiencies identified
that are not considered to be
material weaknesses ☐ Yes ☒ No

Compliance

Compliance material to financial statements ☐ Yes ☒ No

Section II – Financial Statement Findings

No matters are reported.

PORT OF IBERIA DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year June 30, 2022

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

None noted.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III Management Letter

The prior year's report did not include a management letter.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of Port of Iberia District and the Louisiana Legislative Auditor:

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

Port of Iberia District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal year period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

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

We obtained a copy of their budgeting policy effective for the fiscal year ended June 30, 2022. Items noted above are addressed by the policy.

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

We obtained a copy of their purchasing policy effective for the fiscal year ended June 30, 2022. Items noted above are addressed by the policy.

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

We obtained a copy of their disbursement policy effective for the fiscal year ended June 30, 2022. Items noted above are addressed by the policy.

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

We obtained a copy of their receipts policy effective for the fiscal year ended June 30, 2022. Items noted above are addressed by the policy.

- e. **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

We obtained a copy of their payroll/personnel policy effective for the fiscal year ended June 30, 2022. Items noted above are addressed by the policy.

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

We obtained a copy of their contracting policy effective for the fiscal year ended June 30, 2022. Items noted above are addressed by the policy.

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

We obtained a copy of their credit card policy effective for the fiscal year ended June 30, 2022. Items noted above are addressed by the policy.

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

We obtained a copy of their travel and expense reimbursement policy effective for the fiscal year ended June 30, 2022. Items noted above are addressed by the policy.

- i. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

The District did not have a written policy addressing these items.

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

This is not applicable to the District for the fiscal year ended June 30, 2022.

- k. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The District did not have a written policy addressing these items.

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

The District did not have a written policy addressing these items.

Board or Finance Committee

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

The board met with a quorum monthly during the fiscal year ended June 30, 2022.

- b. For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

The minutes included a monthly budget-to-actual comparison.

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

This is not applicable to the District for the fiscal year ended June 30, 2022.

Bank Reconciliations

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

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

We observed that bank reconciliations include an electronic log of when they were prepared. All reconciliations were prepared within 2 months of the related statement closing date.

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

Bank reconciliations include evidence of review by the Chief Administrative Officer. The CAO does not perform the bank reconciliations. However, she is involved in the transactions associated with these bank accounts.

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

One reconciling item has been outstanding more than 12 months from the statement closing date. Management provided evidence of its research.

Collections (excluding electronic funds transfers)

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

There is only one deposit site.

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

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

All collections are checks, no cash is collected therefore no cash drawer/register is used.

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

The Administrative Assistant is responsible for all collections (no cash) and preparing/making the bank deposits and the CAO is responsible for reviewing/reconciling collection documentation to the deposit.

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

The Administrative Assistant is responsible for collecting cash and posting collection entries to the general ledger. The CAO reviews/reconciles ledger postings to each other and the deposit.

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

The Administrative Assistant is responsible for reconciling cash collections to the general ledger and collecting cash. The CAO verifies the reconciliation.

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

The District does not allow cash collections (only checks) therefore none of the employees are covered by a bond or insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
 - a. Observe that receipts are sequentially pre-numbered.
No exceptions noted.
 - b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exceptions noted.
 - c. Trace the deposit slip total to the actual deposit per the bank statement.
No exceptions noted.
 - d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
Collection checks are mailed to the District and the reports accompanying the checks are stamped with a "received date". Deposits are only made once a month. For both deposit dates selected, the number of business days between collection and deposit ranged from 3-19 business days.
 - e. Trace the actual deposit per the bank statement to the general ledger.
No exceptions noted.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
The District has only one location that processes payments.
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
No exceptions noted.
 - b. At least two employees are involved in processing and approving payments to vendors.
No exceptions noted.
 - c. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The employee responsible for processing payments can also add/modify vendor files. Periodic vendor file review does not occur.

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

The employee who is responsible for mailing all payments also processes payments.

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

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

No exceptions noted.

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

No exceptions noted.

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

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

Management provided a list of all active credit cards, bank debit cards, fuel cards, and P-cards, including the card numbers and the names of the persons who maintain possession of the cards. We obtained management's representation that the listing was complete.

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

- a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

There is no evidence of approval on the monthly statements.

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

None noted.

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

No exceptions noted.

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

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

- a. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

We observed that the approved reimbursement rate is no more than the established rates on the GSA website.

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

We observed all reimbursements are supported by itemized lists/receipts that identify the expense.

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

No exceptions noted.

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

All travel and related expenses examined were approved by the board at the monthly meeting.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

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

No exceptions noted.

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

No exceptions noted.

- c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).

No exceptions noted.

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

No exceptions noted.

Payroll and Personnel

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

We obtained a listing of employees and elected officials during the fiscal year ended June 30, 2022 and management's representation that this listing is complete. We agreed the selected employee/officials salaries/pay rates to their employee file.

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

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

All employees documented their daily attendance and leave.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, and agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Per management, there were no terminations during the fiscal year ended June 30, 2022.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

All employer and employee portions of third-party payroll related amounts have been paid and any associated forms have been filed, by required deadlines.

Ethics

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

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

No exceptions noted.

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

Not applicable, there were no changes to the District's ethics policy during the fiscal year ended June 30, 2022.

Debt Service

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

Not applicable.

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

Not applicable.

Fraud Notice

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

No misappropriations of public funds and assets during the fiscal year ended June 30, 2022.

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

No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

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

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

We performed the procedure and discussed the results with management.

- b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for

testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

Sexual Harassment

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

Employees did not complete any sexual harassment training during the calendar year.

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

No exception noted.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:
 - a. Number and percentage of public servants in the agency who have completed the training requirements;
 - b. Number of sexual harassment complaints received by the agency;
 - c. Number of complaints which resulted in a finding that sexual harassment occurred;
 - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e. Amount of time it took to resolve each complaint.

The District did not complete an annual sexual harassment report for the fiscal year ended June 30, 2022.

Management's response/corrective actions: *The District concurs with the exceptions identified above. The District will work to address all exceptions. Some exceptions are related to the limited number of personnel. Duties are monitored and segregated as much as possible with the resources available to the District.*

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

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

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

A handwritten signature in black ink, appearing to read "Brandon P. U.S." with a stylized flourish at the end.

Lafayette, Louisiana
December 13, 2022