South Tangipahoa Parish
Port Commission

Financial Statements

December 31, 2019

South Tangipahoa Parish Port Commission
Table of Contents

PINELL & MARTINEZ LLC
Certified Public Accountants

308 South Tyler Street, Suite 2
Covington, Louisiana 70433
info@pinmarcpa.com
pinmarcpa.com
985-327-7311

Independent Auditor's Report

To the Board of Commissioners
South Tangipahoa Parish Port Commission
Ponchatoula, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of South Tangipahoa Parish Port Commission as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the South Tangipahoa Parish Port Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of South Tangipahoa Parish Port Commission as of December 31, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7; the schedule of changes in total OPEB liability on page 28, schedule of employer's proportionate share of net pension liability at page 29; and schedule of employer's pension contributions at page 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements of the South Tangipahoa Parish Port Commission. The accompanying schedule of compensation, benefits, and other payments to commission head and the independent accountant's report on applying agreed-upon procedures, as required by the State of Louisiana, is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule of compensation, benefits, and other payments to commission head is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 commission head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The independent accountant's report on applying agreed-upon procedures have not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2020, on our consideration of the South Tangipahoa Parish Port Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the South Tangipahoa Parish Port Commission's internal control over financial reporting and compliance.

Pursell & Martinez, llc

Covington, Louisiana
September 22, 2020

Management's Discussion and Analysis

Introduction

This section of the South Tangipahoa Parish Port Commission's (the "Commission") annual financial report presents a discussion and analysis of the Commission's financial performance during the year that ended December 31, 2019. It should be read in conjunction with the financial statements, which follow this section.

Overview of the Financial Statements

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

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

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

All assets and liabilities associated with the operations of the Commission are included in the Statement of Net Position. The Statement of Net Position reports the Commission's net assets, which is the difference between its assets and liabilities. Net position is one way to measure the Commission's financial health.

Financial Highlights

At December 31, 2019, the Commission's assets exceeded its liabilities by $7,626,934. Of this amount, $555,901 is unrestricted and may be used to meet the Commission's ongoing obligations.

At December 31, 2018, the Commission's assets exceeded its liabilities by $7,075,256. Of this amount, $453,368 was available to meet the Commission's ongoing obligations.

The Commission had an increase in net position of $337,199 for the year ended December 31, 2019 compared to a decrease in net position of $251,965 for the year ended December 31, 2018. The Commission's cash balance was $344,718 at December 31, 2019 compared to $272,336 at December 31, 2018.

Financial Analysis

The Commission's total assets at December 31, 2019 were approximately $8.5 million. The change in the composition of assets is primarily due to an increase in receivables. The condensed statements of net position is as follows:

	2019	2018	Variance	% Variance
Assets				
Current assets	$ 1,634,758	$ 986,541	$ 648,217	65.71%
Capital assets, net	6,874,023	6,639,357	234,666	3.53%
Other assets	2,100	2,100	-	0.00%
	8,510,881	7,627,998	882,883	11.57%
Deferred outflows of resources	27,848	32,494	(4,646)	-14.30%
	$ 8,538,729	$ 7,660,492	$ 878,237	11.46%
Liabilities				
Current liabilities	$ 620,366	$ 12,661	$ 607,705	4799.82%
Noncurrent liabilities	263,581	540,079	(276,498)	-51.20%
	883,947	552,740	331,207	59.92%
Deferred inflows of resources	224,858	15,027	209,831	1396.36%
Net Position				
Net investment in capital assets	6,874,023	6,639,357	234,666	3.53%
Unrestricted	555,901	453,368	102,533	22.62%
	7,429,924	7,092,725	337,199	4.75%
	$ 8,538,729	$ 7,660,492	$ 878,237	11.46%

Total liabilities increased by $331,206 from 2018 to 2019. The primary cause is an increase in accounts payable.

Net position increased by $337,199, as explained in the following section. Net investment in capital assets reflect capital assets, net of accumulated depreciation, and net of related debt.

The Commission's operating revenues for the year ended December 31, 2019 were $933,173, an increase of 101% from the previous year. Total expenses decreased 9.65% to $646,862, which includes $371,631 of depreciation expense. The changes in net position are detailed below in the condensed statements of revenues, expenses, and changes in net position.

	2019	2018	Variance	% Variance
Revenues				
Rentals	$ 384,644	$ 332,554	$ 52,090	15.66%
Grants	545,667	129,417	416,250	321.63%
Miscellaneous	2,862	1,819	1,043	57.34%
	933,173	463,790	469,383	101.21%
Expenses				
Salaries and related expenses	81,278	144,768	(63,490)	-43.86%
Property maintenance	37,966	53,336	(15,370)	-28.82%
Depreciation	371,631	377,969	(6,338)	-1.68%
Insurance	69,113	61,224	7,889	12.89%
Administrative and other	86,874	78,618	8,256	10.50%
	646,862	715,915	(69,053)	-9.65%
Operating income (loss)	286,311	(252,125)	538,436	213.56%
Non-Operating Revenue (Expense)				
Investment return and interest	49,888	160	49,728	31080.00%
Gain on sale of equipment	1,000	-	1,000	100.00%
	50,888	160	50,728	31705.00%
Increase (decrease) in net position	337,199	(251,965)	589,164	233.83%
Net position, beginning of year	7,092,725	7,344,690	(251,965)	-3.43%
Net position, end of year	$ 7,429,924	$ 7,092,725	$ 337,199	4.75%

Capital Assets

The Commission's investment in capital assets at December 31, 2019 amounts to $6,874,023, net of accumulated depreciation. This investment consists principally of land, buildings, docks, and equipment. The Commission currently has an ongoing construction project to facilitate the maximum use of the Commission's property.

Other Factors Affecting the Commission

Management is currently redeveloping the facility into an efficient and safe trans-loading terminal for bulk, break bulk, neo bulk, and containerized cargo by barge, rail and truck at one prime location. The three million dollar infrastructure improvement programs will provide a new bulkhead, lay down storage areas, and comprehensive rail spur maintenance at the facility. The projects are designed to attract new industries and create new jobs for residents of the Tangipahoa Parish community. The new infrastructure projects are also an integral part of the port's "Master Plan" that was created in 2007 as a guide to future development of the facility.

Contacting the Commission's Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Patrick Dufresne, Executive Director
163 W. Hickory Street
Ponchatoula, Louisiana 70454
(985) 386-9309

Financial Statements

South Tangipahoa Parish Port Commission
Statement of Net Position
December 31, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current Assets	
Cash and cash equivalents	$ 344,718
Certificates of deposit	613,716
Investments	99,852
Accounts receivable	545,667
Interest receivable	3,512
Prepaid expenses	27,293
	1,634,758
Capital Assets	
Property and equipment, net	6,874,023
Other Assets	
Utility deposit	2,100
	8,510,881
Deferred Outflows of Resources	
Deferred outflows related to pension plan	13,276
Deferred outflows related to OPEB plan	14,572
	27,848
	$ 8,538,729
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
Current Liabilities	
Accounts payable	$ 608,798
Accrued expenses	11,568
	620,366
Noncurrent Liabilities	
Compensated absences	17,562
Other postemployment benefits payable	118,943
Net pension liability	127,076
	263,581
	883,947
Deferred Inflows of Resources	
Deferred inflows related to pension plan	209,116
Deferred inflows related to OPEB plan	15,742
	224,858
Net Position	
Net investment in capital assets	6,874,023
Unrestricted	555,901
	7,429,924
	$ 8,538,729

See accompanying notes to financial statements.

South Tangipahoa Parish Port Commission
Statement Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2019

Operating Revenues	
Rentals	$ 384,644
Operating grants	545,667
Miscellaneous	2,862
	933,173
Operating Expenses	
Salaries and related expenses	121,619
Retirement benefits	(50,142)
Post-employment benefits expense	9,801
Property maintenance	37,966
Depreciation	371,631
Rents and leases	12,600
Office supplies	1,325
Utilities	22,713
Accounting services	14,005
Legal fees	10,075
Professional services	8,045
Insurance	69,113
Marketing	15,911
Memberships and dues	2,200
	646,862
Operating income	286,311
Non-Operating Revenue	
Investment gains	30,168
Interest income	19,720
Gain on sale of equipment	1,000
	50,888
Increase in Net Position	337,199
Beginning Net Position	7,092,725
Ending Net Position	$ 7,429,924

See accompanying notes to financial statements.

South Tangipahoa Parish Port Commission
Statement of Cash Flows
For the Year Ended December 31, 2019

Cash Flows From Operating Activities	
Receipts:	
Rentals	$ 384,644
Miscellaneous	2,862
	387,506
Disbursements:	
Payments to employees for services	(143,299)
Payments to suppliers for goods and services	413,752
	270,453
Net cash provided by operating activities	657,959
Cash Flows From Capital and Related Financing Activities	
Proceeds from sale of equipment	1,000
Purchases of property and equipment	(606,297)
Net cash used in capital and related financing activities	(605,297)
Cash Flows From Investing Activities	
Additions to certificates of deposit	(28,396)
Return of investment capital	28,396
Interest received	19,720
Net cash provided by investing activities	19,720
Net increase (decrease) in cash and cash equivalents	72,382
Cash and cash equivalents, beginning balance	272,336
Cash and cash equivalents, ending balance	$ 344,718

See accompanying notes to financial statements.

South Tangipahoa Parish Port Commission
Statement of Cash Flows *(Continued)*
For the Year Ended December 31, 2019

Reconciliation of Operating Income (Loss) to Cash Flows From Operating Activities		
Operating income (loss)	$	286,311
Adjustments to reconcile the operating income to net cash provided by operating activities:		
Depreciation		371,631
(Increase) decrease in:		
Accounts receivable		(545,667)
Deferred outflows related to pensions		19,218
Deferred outflows related to OPEB		(14,572)
Increase (decrease) in:		
Accounts payable		607,705
Net pension liability		(295,418)
Post-employment benefits payable		18,920
Deferred inflows related to pensions		204,378
Deferred inflows related to OPEB		5,453
Net cash provided by operating activities	$	657,959

1. History and Summary of Significant Accounting Policies

Nature of Operations
The South Tangipahoa Parish Port Commission (the "Commission") was established and provided for by R.S. 34:1951 of Louisiana Revised Statutes (LRS). The Commission was granted authority to own, construct, operate, and maintain property, structures, and facilities necessary or useful for port, recreational, harbor, and terminal purposes. In addition, the Commission also has the authority to make and enter into contracts, leases, and other agreements with operating entities interested in the transportation, storage, and shipping of products.

The Commission consists of the boundaries and limits of Wards 6, 7, and 8 of Tangipahoa Parish. The South Tangipahoa Parish Port Commission is governed by seven board members from Tangipahoa Parish who are appointed directly by the Governor and serve with no compensation.

The Commission maintains an office located in Ponchatoula, Louisiana and a port facility located in Manchac, Louisiana. The Port facility includes a dock with a 20,000 square foot warehouse, railroad siding adjacent to the Illinois Central Railroad track, and a second dock with a 30,000 square foot transit facility. The Commission presently has two paid employees, an executive director and an administrative assistant, and the port facility is operated under a Marine Terminal Operators Agreement with a contract operator.

Financial Statement Presentation
The Commission's operations are accounted for in a proprietary fund type - the enterprise fund, which is similar to private business enterprises. Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statements of net position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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

Cash and Cash Equivalents
Cash and cash equivalents consist of cash on hand and certain highly liquid investments purchased with an initial maturity of 90 days or less.

Accounts Receivable
Accounts receivable is uncollateralized and stated at net realizable value. Management considers all accounts receivable balances collectible, thus no allowance for doubtful accounts has been recorded.

Investments
The Commission reports its investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair value.

Property and Equipment
Property and equipment are stated at cost, less accumulated depreciation. The Commission capitalizes individual purchases of property and equipment in excess of $5,000. Depreciation is recorded on a straight-line basis over the estimated useful lives of 10 to 40 years.

Net Position
Because deferred outflows and deferred inflows are, by definition, neither assets nor liabilities, the statement of net assets title is now referred to as the statement of net position. The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components—net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

Net Investment in Capital Assets - Consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets

Restricted - Consists of amounts with constraints placed on the use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation

Unrestricted - All other amounts that do not meet the definition of "restricted" or "net investment in capital assets"

When both restricted and unrestricted resources are available for use, it is the Commission’s policy to use restricted resources first, then unrestricted as needed.

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

As of December 31, 2019, employees of the Commission have accumulated and vested employee leave benefits of $17,562. No accrual for vacation leave in excess of 300 hours or sick leave has been accrued since the employees are not entitled to it upon termination.

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

Other Postemployment Benefits
The Commission adopted GASB Statement No. 75, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*." The requirements of this statement improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and will enhance its value for assessing accountability and inter period equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense.

New Accounting Pronouncements
The Government Accounting Standards Board ("GASB") has issued the following Statements which will become effective in future years as shown below:

Statement No. 87, *"Leases"* increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

2. Deposits

The Commission's deposits consist of the following at December 31, 2019:

	Cash
Deposits per statement of net position	$ 344,718
Deposits per financial institutions	344,718
Bank Balances:	
Uninsured and uncollateralized	$ -
Collateralized with securities held by the pledging institution's trust department or agent, in the Commission's name	-
Collateralized, including securities held by the pledging institution or its agent but not in the Commission's name	94,718
	$ 94,718

Custodial Deposit Risk
In the case of deposits, this is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it.

3. Investments

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

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

Investments are measured at fair value and are comprised of the following at December 31, 2019:

	Maturity Less Than One Year
U.S. Treasury Securities	$ 99,852
Certificates of deposit	613,716
	$ 713,568

The following schedule summarizes investment return (loss), including interest and administrative fees, and its classification in the financial statements for the year ended December 31, 2019:

Net realized gain(loss) on sale of investments	$ -
Increase (decrease) in fair market value of investments	30,168
	$ 30,168

Interest Rate Risk
Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of investments. The Commission's investment policy limits interest rate risk by generally limiting maturities of its investments to shorter term securities, money market mutual funds, or similar investment pools.

Credit Risk
The credit risk of investments is the risk that the issuer or counterparty will not meet its obligations. This credit risk is measured by the credit quality ratings of investments in debt securities as described by nationally recognized statistical rating organizations (rating agencies) such as Standard & Poor's (S&P) and Moody's. The Commission limits its investment in securities to those classified as investment grade by S&P (EBB or better) and Moody's (Baa or better). At December 31, 2019, the Commission's portfolio consisted of only securities with a rating of AAA by Moody's and AA+ by S&P.

4. Fair Value Measurements

The fair value measurement accounting literature provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level I inputs to the valuation methodology are based on unadjusted quoted prices for identical assets in active markets that the Commission has the ability access. Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets and/or based on inputs that are derived principally from or corroborated by observable market data. Level 3 inputs are unobservable and are based on assumptions market participants would utilize in pricing the assets.

The Commission uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The asset's fair value measurement level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. When available, valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

At December 31, 2019, the Commission's investments consist of only U.S. Treasury Securities and certificates of deposit which are assessed using Level 2 inputs.

5. Property and Equipment

Property and equipment consists of the following at December 31:

	Balance 12/31/18	Additions	Disposals	Balance 12/31/19
Capital Assets Not Being Depreciated				
Land	$ 303,000	$ -	$ -	$ 303,000
Construction in progress	168,006	-	(168,006)	-
	471,006	-	(168,006)	303,000
Capital Assets Being Depreciated				
Port facility	8,880,699	-	-	8,880,699
Wastewater system	205,422	-	-	205,422
Improvements and equipment	3,857,626	774,303	(62,843)	4,569,086
	12,943,747	774,303	(62,843)	13,655,207
Accumulated depreciation	(6,775,396)	(371,631)	62,843	(7,084,184)
	6,168,351	402,672	-	6,571,023
	$ 6,639,357	$ 402,672	$ (168,006)	$ 6,874,023

Depreciation expense for the year ended December 31, 2019 was $371,631.

6. Noncurrent Liabilities

The following is a summary of changes in noncurrent liabilities for the year ended December 31, 2019:

	Balance at 12/31/18	Additions	Payments and Reductions	Balance at 12/31/19	Due Within One Year
Other post-employment benefits obligation	$ 100,023	$ 18,920	$ -	$ 118,943	$ -
Net pension liability	422,494	-	(295,418)	127,076	-
Accrued compensated absences	17,562	-	-	17,562	-
	$ 540,079	$ 18,920	$ (295,418)	$ 263,581	$ -

7. Operating Leases

The Commission rents office space on a month to month basis from an unaffiliated company. Rent expense for the year ended December 31, 2019 was $9,600.

The Commission leases to others substantially all of its land, property and equipment under various operating lease agreements. The majority of the Commission's rental revenue is derived from two customers – Bayou Diesel and CC Holdings. For the year ending December 31, 2019, approximately $225,000, or 60%, of rental revenue was received from Bayou Diesel, and approximately $83,000, or 22% of rental revenue, was received from CC Holdings.

As of December 31, 2019, future minimum rental payments to be received under operating leases that have initial or remaining non-cancelable lease terms in excess of one year for each of the next five fiscal years are as follows:

Year	Amount
2020	$ 214,002
2021	194,942
2022	139,112
2023	139,808
	$ 687,864

8. Retirement Plan

Louisiana State Employees' Retirement System

Plan Description
Employees of South Tangipahoa Parish Port Commission are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System ("LASERS"). Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at www.lasersonline.org.

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

Retirement
The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The majority of LASERS rank and file members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing five to ten years of creditable service depending on their plan. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

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

As an alternative to the basic retirement benefits, a member may elect to receive their retirement benefits under any one of six different options providing for reduced retirement benefits payable throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

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

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

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

Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

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

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

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

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

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and in active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

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

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

Contributions
The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Employee and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers. The Commission's contractually required composite contribution rate for the year ended December 31, 2019 was 40.70% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Commission were $21,680 for the year ended December 31, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At December 31, 2019, the Commission reported a liability of $127,076 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Commission's proportion of the Net Pension Liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Commission's proportion was 0.00175%, which was a decrease of .00445% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Commission recognized pension expense of negative $50,142 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions.

At December 31, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 780	$ 264
Net difference between projected and actual actual earnings on pension plan investments	4,390	-
Changes in assumptions	1,089	-
Changes in proportion	-	208,852
Employer contributions subsequent to the measurement date	7,017	-
	$ 13,276	$ 209,116

$7,017 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Period Ended:	Amount
12/31/20	$ (100,006)
12/31/21	(105,704)
12/31/22	1,207
12/31/23	1,646
	$ (202,857)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 are as follows:

Valuation date:	June 30, 2019
Actuarial Cost Method:	Entry age normal cost
Estimated remaining service life ("ERSL"):	2 years
Investment rate of return	7.60% per annum, net of investment expenses
Inflation rate	2.5% per annum
Salary increases, including inflation and merit increases:	3.2-13.0%, including inflation
Cost of living adjustments:	Only those previously granted
Mortality rate	
Non-disabled members:	Mortality rates based on the RP-2014 Healthy Mortality Table
Disabled members:	Mortality rates based on the RP-2000 Disabled Retiree Mortality Table

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Expected Portfolio Real Rate of Return
Cash	0.24%
Equity	10.66%
Fixed Income	7.28%
Alternative Investments	8.32%
Risk Parity	5.06%
Total Fund	6.09%

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. 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 will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the employer's proportionate share of the net pension liability using the discount rate of 7.60%, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.60%) or one percentage-point higher (8.60%) than the current rate:

	1.0% Decrease (6.60%)	Current Discount Rate (7.60%)	1.0% Increase (8.60%)
Employer's proportionate share of the net pension liability	$ 160,386	$ 127,076	$ 98,940

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2019 Comprehensive Annual Financial Report at www.lasersonline.org.

Payable to Pension Plan

At December 31, 2019 the Commission accrued $1,401 as payable to the pension plan.

9. Other Post-Employment Benefits Plan

Plan Description
The Office of Group Benefits ("OGB") administers the State of Louisiana's post-retirement benefits plan – a defined benefit, multiple-employer other postemployment benefit plan ("OPEB"). OPEB provides medical, prescription drug, and life insurance benefits to retirees, disabled retirees, and their eligible beneficiaries through premium subsidies. Current employees, who participate in an OGB health plan, while active, are eligible for plan benefits if they are enrolled in the OGB health plan immediately before the date of retirement and retire under one of the state sponsored retirement systems (Louisiana State Employees' Retirement System, Teachers' Retirement System of Louisiana, Louisiana School Employees' Retirement System, or Louisiana State Police Retirement System,) or they retire from a participating employer that meets the qualifications in the Louisiana Administrative Code 32:3.303. Benefit provisions are established under R.S. 42:851 for health insurance benefits and R.S. 42:821 for life insurance benefits. The obligations of the plan members, employer(s), and other contributing entities to contribute to the plan are established or may be amended under the authority of R.S. 42:802. At December 31, 2019, the Commission had two active employees and no inactive employees were covered by the benefit terms. There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement 75. Effective July 1, 2008, an OPEB trust fund was statutorily established; however, this plan is not administered as a trust and no plan assets have been accumulated as of December 31, 2019. The plan is funded on a "pay-as-you-go basis" under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments become due.

Employer contributions are based on plan premiums and the employer contribution percentage. Premium amounts vary depending on the health plan selected and if the retired member has Medicare coverage. OGB offers retirees four self-insured healthcare plans and one fully insured plan. Retired employees who have Medicare Part A and Part B coverage also have access to four fully insured Medicare Advantage plans.

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for the individual retirees and spouses of retirees subject to maximum values. Employers pay approximately 50% of monthly premiums for individual retirees. The retiree is responsible for 100% of the premium for dependents. Effective January 1, 2018, the total monthly premium for retirees varies according to age group.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
At December 31, 2019, the Commission reported a liability of $118,943 for its total OPEB liability. The total OPEB liability was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date. The Commission's total OPEB liability was based on projections of the Commission's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended December 31, 2019, the Commission recognized a total OPEB expense of $9,801. The Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (10,328)
Changes in assumptions	14,572	(5,414)
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	-
Employer contributions subsequent to the measurement date	-	-
	$ 14,572	$ (15,742)

Deferred outflows of resources related to OPEB resulting from the Commission's contributions subsequent to the measurement date, if applicable, will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2019.

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

Period Ended:	Amount
12/31/2020	$ (292)
12/31/2021	(292)
12/31/2022	(293)
12/31/2023	(293)
Thereafter	-
	$ (1,170)

Actuarial Methods and Assumptions

The total OPEB obligation in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

Valuation date:	December 31, 2019
Actuarial cost method:	Entry age normal cost
Investment rate of return	N/A - Benefit payments are funded on a pay-as-you-go basis
Discount rate	2.74% per annum
Healthcare cost trend rate	Flat 5.5% annually
Salary increases, including inflation and merit increases:	4.0%, including inflation
Cost of living adjustments:	Not substantively automatic
Mortality	Mortality rates based on the RP-2000 Table without projection with 50%/50% unisex blend

The discount rate used to measure the total OPEB liability was 2.74%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members.

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

The following presents the Commission's total OPEB liability using the current discount rate as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1.0% Decrease (1.74%)	Current Discount Rate (2.74%)	1.0% Increase (3.74%)
Total OPEB liability	$ 134,539	$ 118,943	$ 105,788

Sensitivity of the Total OPEB Liability to Changes to the Healthcare Cost Trend Rates
The following presents the Commission's total OPEB liability calculated using assumed trend rates, as well as what the Commission's total OPEB liability would be if it were calculated using a trend rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	$ 105,365	$ 118,943	$ 135,079

OPEB Expense and changes in OPEB Obligation
The OPEB expense, the OPEB expense contributed to the plan, and the OPEB obligation at the end of the year for the Commission were as follows:

	Total OPEB Liability
Total OPEB liability, beginning of year	$ 100,023
Service cost	5,872
Interest	4,221
Differences between expected and actual experience	(9,388)
Changes in assumptions	18,215
Employer contributions	-
Total OPEB liability, end of year	$ 118,943

Payables to the OPEB Plan
At December 31, 2019, the Commission did not have any amounts due to the OPEB plan.

10. Compensation of Board Members

Board Member	Amount
Daryl Ferrara	$ -
William Joubert	-
Wesley Daniels	-
Cheryl Brumfield	-
Dr. James Nelson	-
William Poland	-

11. Subsequent Events
Management has evaluated subsequent events through September 22, 2020, which is the date the financial statements were available to be issued.

Required Supplementary Information

South Tangipahoa Parish Port Commission
Schedule of Changes in Total OPEB Liability
For the Year Ended December 31, 2019

Total OPEB Liability	2019	2018
Service cost	$ 5,872	$ 6,877
Interest	4,221	3,623
Changes of benefit terms	-	-
Changes between expected and actual experience	(9,388)	(4,227)
Changes in assumptions	18,215	(8,120)
Employer contributions	-	-
	18,920	(1,847)
Total OPEB liability, beginning of year	$ 100,023	$ 101,870
Total OPEB liability, end of year	$ 118,943	$ 100,023
Covered employee payroll	$ 119,880	$ 119,880
Total OPEB liability as a percentage of covered-employee payroll	99.22%	83.44%
OPEB fiduciary net position	-	-
OPEB fiduciary net position as a percentage of total OPEB liability	0%	0%

There were no changes of benefit terms for the year ended December 31, 2019.

The discount rate at December 31, 2018 was 4.11% and it changed to 2.74% as of December 31, 2019.

Amounts presented were determined as of the measurement date.

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

See independent auditor's report.

South Tangipahoa Parish Port Commission
Schedule of Employer's Proportionate Share of Net Pension Liability
For the Year Ended December 31, 2019

	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Employee Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2019	0.00175%	$ 127,076	$ 34,880	364%	62.90%
June 30, 2018	0.00620%	422,494	119,880	352%	64.30%
June 30, 2017	0.00643%	452,597	119,880	378%	62.54%
June 30, 2016	0.00638%	500,679	119,880	418%	57.70%
June 30, 2015	0.00632%	429,583	119,880	358%	62.70%

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

*** The amounts presented have a measurement date of June 30, 2019.*

South Tangipahoa Parish Port Commission
Schedule of Employer's Pension Contributions
For the Year Ended December 31, 2019

	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
December 31, 2019	$ 21,680	$ 21,680	-	$ 56,130	38.62%
December 31, 2018	45,434	45,434	-	119,880	37.90%
December 31, 2017	44,175	44,175	-	119,880	36.85%
December 31, 2016	44,595	44,595	-	119,880	37.20%
December 31, 2015	44,355	44,355	-	119,880	37.00%

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

Supplementary Information

South Tangipahoa Parish Port Commission
Schedule of Compensation, Benefits, and Other Payments to Commission Head
For the Year Ended December 31, 2019

Commission Head: Patrick Dufresne
Position: Executive Director

Purpose	Amount
Salary	$ 85,000
Benefits - insurance	5,402
Benefits - retirement	2,203
	$ 92,605

See independent auditor's report.

PINELL & MARTINEZ LLC
Certified Public Accountants

308 South Tyler Street, Suite 2
Covington, Louisiana 70433
info@pinmarcpa.com
pinmarcpa.com
985-327-7311

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Commissioners
South Tangipahoa Parish Port Commission
Houma, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of South Tangipahoa Parish Port Commission (the "Commission") and the Louisiana Legislative Auditor on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures for the fiscal period January 1, 2019 to December 31, 2019. The Commission's management is responsible for those control and compliance areas identified in the Statewide Agreed-Upon Procedures.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the Commission's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

    a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget
    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
    c) *Disbursements*, including processing, reviewing, and approving
    d) *Receipts*, including receiving, recording, and preparing deposits
    e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked
    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

g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy
j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements
k) *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.

Results
No exceptions noted.

Board of Commissioners

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.
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 and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

Results
The board of commissioners met on a frequency in accordance with the Commission's enabling legislation. No exceptions noted.

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, electronically logged);
   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
   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.

   Results
   No exceptions noted.

Collections

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).

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.
   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.
   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.
   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 verifies the reconciliation.

6. Inquire of management that all employees who have access to cash 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). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
   a) Observe that receipts are sequentially pre-numbered.
   b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
   c) Trace the deposit slip total to the actual deposit per the bank statement.
   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).
   e) Trace the actual deposit per the bank statement to the general ledger.

   Results
   No exceptions noted.

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

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

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

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

   Results
   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), 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.

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, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]
    b) Report whether finance charges and/or late fees were assessed on the selected statements.

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).

    Results
    No exceptions noted.

Travel and Expense Reimbursement

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, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
    b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
    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).
    d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

    Results
    No exceptions noted.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
    a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
    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).
    c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
    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.

    Results
    No exceptions noted.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

    a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
    b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
    c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

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

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

    Results
    No exceptions noted.

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.
    b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

    Results
    No exceptions noted.

Debt Service

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

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).

    Results
    No bonds were issued during the period.

Other

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

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

    Results
    No exceptions noted.

Results

No exceptions were noted as a result of applying the above procedures.

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

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the Statewide Agreed-Upon Procedures, 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 Louisiana Legislative Auditor as a public document.

Pinell & Martinez, llc

Covington, Louisiana
September 22, 2020

Reports Required by
Government Auditing Standards

P&M PINELL & MARTINEZ LLC
Certified Public Accountants

308 South Tyler Street, Suite 2
Covington, Louisiana 70433
info@pinmarcpa.com
pinmarcpa.com
985-327-7311

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Commissioners
South Tangipahoa Parish Port Commission
Ponchatoula, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the South Tangipahoa Parish Port Commission, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise South Tangipahoa Parish Port Commission's basic financial statements, and have issued our report thereon dated September 22, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the South Tangipahoa Parish Port Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Tangipahoa Parish Port Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Tangipahoa Parish Port Commission's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Tangipahoa Parish Port Commission'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pursell & Martinez, llc

Covington, Louisiana
September 22, 2020

A. Summary of Auditor's Results

a. Financial Statements

Type of auditors' report issued: Unmodified

b. Internal control over financial reporting:

Material weaknesses identified	______ yes	✓ no
Significant deficiencies identified not considered to be material weaknesses	______ yes	✓ none noted

c. Noncompliance material to financial statements noted ______ yes ✓ no

B. Findings in Accordance with *Government Auditing Standards*

None noted.

A. Findings in Accordance with *Government Auditing Standards*

None noted.