

R E P O R T

ST. BERNARD PORT, HARBOR
AND TERMINAL DISTRICT
(STATE OF LOUISIANA)

JUNE 30, 2020 AND 2019

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)

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INDEPENDENT AUDITOR'S REPORT

November 10, 2020

To the Board of Commissioners
St. Bernard Port, Harbor and Terminal District
Chalmette, Louisiana

We have audited the accompanying financial statements of the business-type activities of the St. Bernard Port, Harbor and Terminal District (the District), a component unit of the State of Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the St. Bernard Port, Harbor and Terminal District as of June 30, 2020 and the change in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Bernard Port, Harbor and Terminal District's basic financial statements. The accompanying schedule of compensation, benefits and other payments to the agency head and the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information 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 November 10, 2020 on our consideration of the St. Bernard Port, Harbor and Terminal District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 St. Bernard Port, Harbor and Terminal District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the St. Bernard Port, Harbor and Terminal District's internal control over financial reporting and compliance.

Clens & Macaluso, LLP
Metairie, LA

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

Management's Discussion and Analysis (MD&A) of the St. Bernard Port, Harbor and Terminal District's financial performance presents a narrative overview and analysis of the St. Bernard Port, Harbor and Terminal District's financial activities for the year ended June 30, 2020. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the information contained in the St. Bernard Port, Harbor and Terminal District's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- ★ The St. Bernard Port, Harbor and Terminal District's assets and deferred outflows exceeded its liabilities and deferred inflows at June 30, 2020 by \$84,646,304, which represents a decrease from last fiscal year of \$3,442,855 or 3.91%.
- ★ The St. Bernard Port, Harbor and Terminal District's intergovernmental revenues decreased \$475,204 or 27.48% as a result of a decrease in federal grants received and the net loss from operations decreased by \$84,381 or 1.55%.

BASIC FINANCIAL STATEMENTS

The basic financial statements present information for the St. Bernard Port, Harbor and Terminal District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Fund Net Position; and the Statements of Cash Flows.

The Statements of Net Position present the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of the St. Bernard Port, Harbor and Terminal District is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Fund Net Position present information showing how the St. Bernard Port, Harbor and Terminal District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statements of Cash Flows presents information showing how the St. Bernard Port, Harbor and Terminal District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
 (STATE OF LOUISIANA)
 MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

FINANCIAL ANALYSIS OF THE ENTITY

Condensed Statements of Net Position
 As of June 30, 2020 and 2019
 (in thousands)

	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 11,783	\$ 5,593
Net capital assets	95,996	97,639
Total assets	<u>107,779</u>	<u>103,231</u>
Deferred outflows of resources	<u>1,278</u>	<u>1,074</u>
Current liabilities	1,239	554
Long-term obligations	22,112	14,202
Total liabilities	<u>23,350</u>	<u>14,756</u>
Deferred inflows of resources	<u>1,060</u>	<u>1,460</u>
Net position:		
Net investment in capital assets	80,852	90,344
Restricted	7,155	753
Unrestricted	<u>(3,361)</u>	<u>(3,008)</u>
Total net position	<u>\$ 84,646</u>	<u>\$ 88,089</u>

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, loan agreements, or other requirements. Conversely, unrestricted net assets are those that do not have any limitations on what these amounts may be used for.

Net position of the St. Bernard Port, Harbor and Terminal District decreased by \$3,442,855 or 3.91%, during the year ended June 30, 2020. The decrease was primarily due to operating losses incurred during the fiscal year.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
 (STATE OF LOUISIANA)
 MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

FINANCIAL ANALYSIS OF THE ENTITY (Continued)

	<u>2020</u>	<u>2019</u>
Operating revenues	\$ 5,105	\$ 5,443
Operating expenses	<u>(10,482)</u>	<u>(10,903)</u>
Operating loss	(5,377)	(5,461)
Non-operating revenues	805	823
Capital contributions	<u>1,129</u>	<u>1,604</u>
Net decrease in fund position	(3,443)	(3,034)
Net position - beginning of year	<u>88,089</u>	<u>91,123</u>
Net position - end of year	<u><u>\$ 84,646</u></u>	<u><u>\$88,089</u></u>

The St. Bernard Port, Harbor and Terminal District's total operating revenues decreased \$337,707 or 6.20%. The total operating expenses decreased by \$422,088 or 3.87%. Operating revenues decreased primarily due to decreased lease revenue. Operating expenses decreased primarily due to decreases in supplies and materials as well as depreciation offset by an increase in professional services.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the St. Bernard Port, Harbor and Terminal District had net capital assets of \$95,996,230, net of accumulated depreciation of \$76,773,157, including land, buildings and improvements, dock, barge and marina facilities, furniture and equipment, and construction in progress. This amount represents a net decrease of \$1,642,391, which was primarily attributable to current year depreciation offset by current year additions.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
 (STATE OF LOUISIANA)
 MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

	<u>2020</u>	<u>2019</u>
Land	\$ 18,733	\$ 17,026
Dock and barge facilities	48,935	52,618
Buildings and improvements	22,173	23,877
Furniture and equipment	167	247
Construction in progress	5,988	3,871
Totals	\$ 95,996	\$ 97,639

Loans Payable

The St. Bernard Port, Harbor and Terminal District had \$13,495,000 in bonds payable outstanding at June 30, 2020, compared to \$7,295,000 last year, an increase of \$6,200,000 or 84.99%. The increase is the result of issuance of three bonds, obtained from the Louisiana Local Government Environmental Facilities and Community Development Authority, for the purpose of refunding prior debt of the District and to finance additional facilities and improvements to the District's property.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The District's industrial park is currently at 95% occupancy of its developed rental portfolio and all major facilities are leased. The District's marine facility has a 100% occupancy rate.
- Plans are being finalized for the new Chalmette Terminal Warehouse, slated to be completed by the end of 2021. This new addition will enhance the Port's operational cash flow and further its mission in local job creation and local economic infusion.
- The District had 372 ship calls and handled 8.7 million tons of cargo in FY 2020.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

**CONTACTING THE ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the St. Bernard Port, Harbor and Terminal District's finances and to show the St. Bernard Port, Harbor and Terminal District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Drew Heaphy, Executive Director, P. O. Box 1331, Chalmette, Louisiana 70044.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
 (STATE OF LOUISIANA)
 STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 4,018,649	\$ 4,211,919
Accounts receivable	113,281	146,398
Prepaid expenses	495,685	435,030
Due from other governmental units	-	45,461
Total current assets	<u>4,627,615</u>	<u>4,838,808</u>
RESTRICTED ASSETS:		
Cash - employee savings	15,142	15,139
Cash - construction and loan payments	-	90,000
Cash equivalents - construction and loan payments	<u>7,139,954</u>	<u>648,695</u>
Total restricted assets	<u>7,155,096</u>	<u>753,834</u>
CAPITAL ASSETS:		
Land	18,733,418	17,026,367
Dock and barge facilities	96,501,121	96,510,841
Buildings and improvements	48,210,681	48,188,090
Furniture and equipment	<u>3,336,535</u>	<u>3,366,297</u>
	166,781,755	165,091,595
Less accumulated depreciation	<u>76,773,157</u>	<u>71,323,757</u>
	90,008,598	93,767,838
Construction in progress	<u>5,987,632</u>	<u>3,870,783</u>
Net capital assets	<u>95,996,230</u>	<u>97,638,621</u>
TOTAL ASSETS	<u>107,778,941</u>	<u>103,231,263</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources related to pensions	978,599	766,928
Deferred outflows of resources related to OPEB	<u>299,498</u>	<u>307,487</u>
TOTAL DEFERRED OUTFLOWS	<u>1,278,097</u>	<u>1,074,415</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 109,057,038</u>	<u>\$ 104,305,678</u>

See accompanying notes.

	<u>2020</u>	<u>2019</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	\$ 371,392	\$ 68,679
Due to employees - savings	15,142	15,142
Accrued interest payable	112,144	65,580
Note payable - current	50,000	-
Bonds payable - current	690,000	405,000
Total current liabilities	<u>1,238,678</u>	<u>554,401</u>
LONG-TERM OBLIGATIONS:		
Compensated absences	380,348	343,601
Note payable - noncurrent	1,598,567	-
Bonds payable - noncurrent	12,805,000	6,890,000
Other postemployment benefits	2,615,231	2,793,865
Net pension liability	4,712,671	4,174,477
Total long-term obligations	<u>22,111,817</u>	<u>14,201,943</u>
Total liabilities	<u>23,350,495</u>	<u>14,756,344</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources related to pensions	253,646	412,592
Deferred inflows of resources related to OPEB	462,963	207,628
Unearned revenue	343,630	839,955
Total deferred inflows of resources	<u>1,060,239</u>	<u>1,460,175</u>
NET POSITION:		
Net investment in capital assets	80,852,663	90,343,621
Restricted for:		
Debt service	7,139,954	738,695
Other purposes	15,142	15,139
Unrestricted	<u>(3,361,455)</u>	<u>(3,008,296)</u>
Total net position	<u>84,646,304</u>	<u>88,089,159</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 109,057,038</u>	<u>\$ 104,305,678</u>

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES:		
Lease revenues	\$ 4,979,003	\$ 5,232,405
Other fees and permits	126,249	210,554
Total operating revenues	<u>5,105,252</u>	<u>5,442,959</u>
OPERATING EXPENSES:		
Personal services	2,267,726	2,210,212
Supplies and materials	94,749	225,362
Other services and charges	1,408,747	1,538,626
Promotion and marketing	105,968	106,044
Professional services	1,081,341	843,609
Depreciation	5,523,402	5,980,168
Total operating expenses	<u>10,481,933</u>	<u>10,904,021</u>
Operating loss	<u>(5,376,681)</u>	<u>(5,461,062)</u>
NON-OPERATING REVENUES (EXPENSES):		
Taxes - ad valorem	1,530,025	1,292,397
Interest earned	77,684	94,379
Interest expense on long-term debt	(260,795)	(204,860)
Debt issuance costs	(257,369)	-
Miscellaneous expense	(329,100)	(374,148)
Miscellaneous revenue	35,225	80,317
Intergovernmental revenues	125,000	125,000
Expropriation legal expenses	(115,647)	(190,118)
Total non-operating revenues	<u>805,023</u>	<u>822,967</u>
CAPITAL CONTRIBUTIONS:		
Intergovernmental revenues	<u>1,128,803</u>	<u>1,604,007</u>
Change in fund net position	(3,442,855)	(3,034,088)
NET POSITION - Beginning of year	<u>88,089,159</u>	<u>91,123,247</u>
NET POSITION - End of year	<u>\$ 84,646,304</u>	<u>\$ 88,089,159</u>

See accompanying notes.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for services	\$ 4,642,705	\$ 5,171,673
Cash paid for goods and services	(2,448,747)	(2,850,051)
Payments for salaries and related expenses	<u>(1,977,324)</u>	<u>(2,049,611)</u>
Net cash provided by operating activities	<u>216,634</u>	<u>272,011</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Ad valorem tax receipts	1,536,612	1,290,595
Expropriation legal fees	(115,647)	(190,118)
State revenue sharing	<u>125,000</u>	<u>125,000</u>
Net cash provided by noncapital financing activities	<u>1,545,965</u>	<u>1,225,477</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Federal and state funds	1,167,677	1,570,791
Grant administrative expenses	(329,100)	(374,148)
Debt issuance costs	(257,369)	-
Interest paid on loans	(214,231)	(201,367)
Proceeds from loans	13,950,000	-
Principal payments on loans	(7,750,000)	(390,000)
Proceeds from insurance	45,140	73,331
Purchases of capital assets	(2,244,850)	(745,229)
Proceeds from disposals of capital assets	<u>442</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>4,367,709</u>	<u>(66,622)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest earned	<u>77,684</u>	<u>94,379</u>
Net cash provided by investing activities	<u>77,684</u>	<u>94,379</u>
Net increase(decrease) in cash and cash equivalents	6,207,992	1,525,245
Cash and cash equivalents - beginning of year	<u>4,965,753</u>	<u>3,440,508</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 11,173,745</u></u>	<u><u>\$ 4,965,753</u></u>

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	\$ (5,376,681)	\$ (5,461,062)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	5,523,402	5,980,168
Amortization of lease abatement and prepaid rent	(495,670)	(503,285)
Changes in net assets and liabilities:		
Accounts receivable	33,117	231,999
Prepaid expenses	(60,655)	3,046
Accounts payable	302,713	(139,456)
Compensated absences	36,747	19,464
Change in net pension liability	538,194	51,623
Change in pension deferred inflows/outflows	(370,617)	(64,696)
Change in OPEB deferred inflows/outflows	263,324	(191,753)
Change in OPEB liability	<u>(177,240)</u>	<u>345,963</u>
Net cash provided by operating activities	<u>\$ 216,634</u>	<u>\$ 272,011</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS:		
Cash and cash equivalents - current assets	\$ 4,018,649	\$ 4,211,919
Cash and cash equivalents - restricted assets	<u>7,155,096</u>	<u>753,834</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$11,173,745</u>	<u>\$ 4,965,753</u>

SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:

Purchase of capital assets financed \$1,707,051

See accompanying notes.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NATURE OF OPERATIONS:

The St. Bernard Port, Harbor and Terminal District (the District) was created as a public corporation and political subdivision of the State of Louisiana under Louisiana Revised Statute 34:1701-1714. The District is governed by a Board of Commissioners consisting of five members appointed by the Governor upon the recommendation of a majority of the Legislative delegation from St. Bernard Parish. The Board has the power to regulate the commerce and traffic of the District in such a manner as may be best for the public interest; and it is empowered to own and have charge of, to administer, construct, operate, and maintain wharves, warehouses, landings, docks, sheds, belt and connection railroads, shipways, canals, channels, slips, basins, locks, elevators, and other structures and facilities necessary and proper for the use and development of the business of the District.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation:

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles and reporting standards.

Proprietary fund financial statements include a statement of net position; a statement of revenues, expenses, and changes in fund net position; and a statement of cash flows.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Reporting Entity:

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

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

1. Appointment of a voting majority of the governing board
 - a. The ability of the reporting entity to impose its will on the organization
 - b. The potential of the organization to provide specific financial benefits to or impose specific financial burdens on the reporting entity
2. Organizations which are fiscally dependent
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship

The District is considered a related organization of the State of Louisiana. Although the Governor appoints the governing board, the state does not have a financial benefit or burden relationship with the District. Because the state does not have financial accountability for the District, the District is excluded from the reporting entity of the state. The nature of the state's relationship with the District is disclosed in the state's audited financial statements.

The accompanying financial statements present information only on the funds maintained by the District.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, cash and cash equivalents include demand deposits and money market funds.

Accounts Receivable:

The District uses the direct write-off method to remove uncollectible accounts receivable. This method approximates the allowance method required by accounting principles generally accepted in the United States of America.

Capital Assets:

All purchased capital assets are valued at cost. Depreciation of these assets is computed on the straight-line method over the estimated useful lives of the assets.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Restricted Assets:

Certain cash and cash equivalents to be used for planned construction and for the repayment of loans payable are classified as restricted assets on the statement of net position because their use is limited by applicable loan covenants.

Cash held for employee savings is restricted until the cash is remitted to the employee.

Compensated Absences:

Accumulated vacation and sick leave is accrued as an expense of the period in which incurred. Administrative employees earn from 12 to 24 days of vacation and sick leave each year depending on length of service with the District. Accumulation of vacation leave is limited to 60 days per employee. Accumulation of sick leave is limited to 25 days per employee. Upon termination of employment, unused vacation and sick leave will be paid to employees at the employee's current rate of pay.

Revenues and Expenses:

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues primarily consist of lease revenues including the leasing of land and improvements under cancelable operating leases. The leases are accounted for using the operating method whereby the amount of revenue recognized in each accounting period is equivalent to the amount of rent receivable according to the provisions of the lease. Improvements to the District's facilities paid for by lessees are recorded at fair value as they are made and are as reported as increases to capital assets and deferred inflows of resources. The revenue is recognized over the terms of the operating leases. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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 and changes in fiduciary net position of the defined benefit pension plans in which the District participates have been determined on the same basis as they are reported by the respective defined benefit pension plans. 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.

Deferred Outflows and Inflows of Resources:

In addition to assets, the Statements of Net Position reports a separate section for deferred outflows of resources that represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense) until then. The District has two items that qualify for reporting in this category, which are amounts related to pensions and amounts related to other postemployment benefits.

In addition to liabilities, the Statements of Net Position reports a separate section for deferred inflows of resources that represents an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District has three items that meet the criterion for this category, deferred amounts related to unearned income, deferred amounts related to pensions, and deferred amounts related to other postemployment benefits.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
 (STATE OF LOUISIANA)
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

2. CASH AND CASH EQUIVALENTS:

At June 30, 2020 and 2019, the District has cash bank and book balances as follows:

	<u>2020</u>		<u>2019</u>	
	Bank Balance	Book Balance	Bank Balance	Book Balance
Demand deposits	\$ 18,676	\$ 15,142	\$ 17,585	\$ 15,139
Cash equivalents	11,627,020	11,158,603	5,376,488	4,950,614
	<u>\$11,645,696</u>	<u>\$11,173,745</u>	<u>\$5,394,073</u>	<u>\$4,965,753</u>

Custodial credit risk is risk, that in the event of a bank failure, the District's deposits might not be returned to it. At June 30, 2020, the District's demand deposits (bank balances) were in excess of FDIC insurance in the amount of \$20,282. At June 30, 2019, the District's demand deposits (bank balances) were in excess of FDIC insurance in the amount of \$14,760.

All cash equivalents are carried at fair value. The following is a detail of the cash equivalents at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Government pooled investments - held by the Louisiana Asset Management Pool (LAMP) in the name of the District	\$ 307,544	\$ 302,683
Federated Investors Government Obligations Money Market Fund - held by an agent of Gulf Coast Bank in the name of the bank	4,310,911	4,647,803
Restricted U.S. Treasury money market funds managed by the trustee and held by the trustee in the name of the District	<u>6,540,148</u>	<u>128</u>
Total cash equivalents	<u>\$11,158,603</u>	<u>\$4,950,614</u>

Concentration of credit risk relates to the amount of investments in any one entity. At June 30, 2020 and 2019, the District had no cash equivalents invested in any one entity which exceeded 5% of total cash equivalents, except for the above money market funds.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
 (STATE OF LOUISIANA)
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

2. CASH AND CASH EQUIVALENTS: (Continued)

Statutes authorize the District to invest in direct United States Treasury obligations, the principal and interest of which are fully guaranteed by the government of the United States; bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies, provided such obligations are backed by the full faith and credit of the United States of America; bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by U.S. Government instrumentalities, which are federally sponsored; mutual or trust fund institutions 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 or its agencies; and certain guaranteed investment contracts.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having been contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with Louisiana Revised Statute 33:2955. LAMP is rated AAA by Standard & Poor's.

3. INTERGOVERNMENTAL REVENUES AND RECEIVABLES:

Intergovernmental revenues for the years ended June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Non-operating:		
State of Louisiana revenue sharing	\$ 125,000	\$ 125,000
Capital contributions:		
State and federal grants	1,128,803	1,604,007
Total intergovernmental revenues	<u>\$1,253,803</u>	<u>\$1,729,007</u>

Amounts due from other governmental units consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Federal Emergency Management Agency	\$ -	\$ 38,874
St. Bernard Parish Tax Collector	-	6,587
Total intergovernmental receivables	<u>\$ -</u>	<u>\$ 45,461</u>

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

4. CAPITAL ASSETS:

A summary of changes in capital assets and depreciation for the years ended June 30, 2020 and 2019 were as follows:

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020
<u>2020</u>				
Land	\$ 17,026,367	\$ 1,707,051	\$ -	\$ 18,733,418
Dock and barge facilities	96,510,841	25,016	(34,735)	96,501,122
Buildings and improvements	48,188,090	22,591	-	48,210,681
Furniture and equipment	3,366,297	21,910	(51,673)	3,336,534
Construction in progress	3,870,783	2,116,849	-	5,987,632
Totals	<u>\$ 168,962,378</u>	<u>\$ 3,893,417</u>	<u>\$ (86,408)</u>	<u>\$ 172,769,387</u>

	Accumulated Depreciation Balance June 30, 2019	Additions	Retirements	Accumulated Depreciation Balance June 30, 2020
<u>2020</u>				
Dock and barge facilities	\$ 43,893,149	\$ 3,695,186	\$ (22,331)	\$ 47,566,004
Buildings and improvements	24,311,332	1,726,557	-	26,037,889
Furniture and equipment	3,119,276	101,659	(51,671)	3,169,264
Totals	<u>\$ 71,323,757</u>	<u>\$ 5,523,402</u>	<u>\$ (74,002)</u>	<u>\$ 76,773,157</u>

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019
<u>2019</u>				
Land	\$ 17,004,742	\$ 21,625	\$ -	\$ 17,026,367
Dock and barge facilities	96,478,981	31,860	-	96,510,841
Buildings and improvements	48,092,033	96,057	-	48,188,090
Furniture and equipment	3,439,335	23,357	(96,395)	3,366,297
Construction in progress	3,298,451	593,969	(21,637)	3,870,783
Totals	<u>\$ 168,313,542</u>	<u>\$ 766,868</u>	<u>\$ (118,032)</u>	<u>\$ 168,962,378</u>

	Accumulated Depreciation Balance June 30, 2018	Additions	Retirements	Accumulated Depreciation Balance June 30, 2019
<u>2019</u>				
Dock and barge facilities	\$ 40,063,736	\$ 3,829,413	\$ -	\$ 43,893,149
Buildings and improvements	22,316,692	1,994,640	-	24,311,332
Furniture and equipment	3,059,554	156,115	(96,393)	3,119,276
Totals	<u>\$ 65,439,982</u>	<u>\$ 5,980,168</u>	<u>\$ (96,393)</u>	<u>\$ 71,323,757</u>

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

4. CAPITAL ASSETS:

Depreciation expense amounted to \$5,523,402 and \$5,980,168 for the years ended June 30, 2020 and 2019, respectively.

During the years ended June 30, 2020 and 2019, approximately \$12,000,000 of the dock and barge facilities balance and \$4,000,000 of the land balance was related to the expropriation of 71 acres of land and port facilities in Violet, Louisiana. The District is currently involved in legal proceedings following the expropriation. See Note 13 for further information.

5. GENERAL LONG-TERM OBLIGATIONS:

BONDS PAYABLE:

On January 22, 2020, the District entered into a loan agreement with the Louisiana Local Government Environmental Facilities and Community Development Authority (the Authority). Under the agreement, the Authority issued \$2,870,000 of Series 2020A Refunding Bonds and \$4,185,000 of Series 2020B Refunding Bonds and \$6,895,000 of Series 2020C Tax-exempt Revenue Bonds and loaned the proceeds to the District.

The 2020A, 2020B, and 2020C bonds were issued to provide funds to enable the District to pay off prior existing debt and finance additional facilities and improvements. The proceeds of the bonds were also used to pay off the outstanding debt of the District related to the 2014A, 2014B and 2010C loans from the Authority.

Under the loan agreement with the Authority, the District is required to repay the loan by making the debt service payments, including principal, interest and reserve requirements for the Authority's three bond issues. The 2020A and 2020B bonds have stated interest rates of 2.43% each and the 2020C bond has a stated interest rate of 2.58%. The bonds mature on March 1, 2034, March 31, 2034, and March 31, 2039, respectively. Interest and principal is payable March 1st and interest only is payable September 1st of each year, commencing March 1, 2020.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

5. GENERAL LONG-TERM OBLIGATIONS: (Continued)

BONDS PAYABLE: (Continued)

The following is a summary of loan payable transactions for the years ended June 30, 2020 and 2019:

2020 Description	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
2020A	\$ -	\$ 2,870,000	\$ (185,000)	2,685,000	\$165,000
2020B	-	4,185,000	(270,000)	3,915,000	240,000
2020C	-	6,895,000	-	6,895,000	285,000
2014A	2,785,000	-	(2,785,000)	-	-
2014B	4,060,000	-	(4,060,000)	-	-
2014C	450,000	-	(450,000)	-	-
	<u>\$ 7,295,000</u>	<u>\$ 13,950,000</u>	<u>\$ (7,750,000)</u>	<u>\$ 13,495,000</u>	<u>\$ 690,000</u>

2019 Description	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
2014A	\$ 2,935,000	\$ -	\$ (150,000)	\$ 2,785,000	\$ 155,000
2014B	4,280,000	-	(220,000)	4,060,000	225,000
2014C	470,000	-	(20,000)	450,000	25,000
	<u>\$ 7,685,000</u>	<u>\$ -</u>	<u>\$ (390,000)</u>	<u>\$ 7,295,000</u>	<u>\$ 405,000</u>

The annual principal and interest payments on the loans outstanding at June 30, 2020 are scheduled to occur as follows.

Year Ended June 30	Principal Payments	Interest Payments	Total
2021	\$ 690,000	\$ 338,271	\$ 1,028,271
2022	705,000	321,077	1,026,077
2023	720,000	303,503	1,023,503
2024	740,000	285,557	1,025,557
2025	755,000	267,110	1,022,110
2026-2030	4,090,000	1,042,779	5,132,779
2031-2035	4,055,000	506,829	4,561,829
2036-2039	1,740,000	113,520	1,853,520
	<u>\$ 13,495,000</u>	<u>\$ 3,178,646</u>	<u>\$ 16,673,646</u>

Interest expense paid on the loans during the years ended June 30, 2020 and 2019, was \$260,795 and \$204,860, respectively.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

5. GENERAL LONG-TERM OBLIGATIONS: (Continued)

NOTE PAYABLE:

On February 28, 2020, the District entered into a loan agreement for the purchase of land in Chalmette, Louisiana in the amount of \$1,648,567. The loan is secured by the land and bears interest at an implicit rate of 2.5%. The loan matures on February 28, 2023. The annual principal and interest on the note payable are scheduled as follows:

Year Ended June 30	Principal Payments	Interest Payments	Total
2021	\$ 8,310	\$ 41,690	\$ 50,000
2022	8,520	41,480	50,000
2023	1,631,736	41,264	1,673,000
	<u>\$ 1,648,566</u>	<u>\$ 124,434</u>	<u>\$ 1,773,000</u>

OTHER LONG-TERM OBLIGATIONS:

The following is a summary of changes in other long-term obligations for the years ended June 30, 2020 and 2019:

<u>2020</u>	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Compensated absences	<u>\$ 343,601</u>	<u>\$ 36,747</u>	<u>\$ -</u>	<u>\$380,348</u>	<u>\$ -</u>
<u>2019</u>	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Compensated absences	<u>\$ 324,137</u>	<u>\$ 19,464</u>	<u>\$ -</u>	<u>\$ 343,601</u>	<u>\$ -</u>

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
 (STATE OF LOUISIANA)
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

6. OTHER POSTEMPLOYMENT BENEFITS:

Substantially all District employees become eligible for postemployment health care and life insurance benefits if they reach normal retirement age while working for the District. The benefits for retirees are similar benefits for active employees whose premiums are paid jointly by the employee and the District. Below is a schedule of active employees, entitled to future benefits, and retired employees, currently receiving benefits, for the years ended June 30, 2020 and 2019.

	2020	2019
Active employees	28	27
Retired employees	7	7
	35	34

Plan Description:

The District’s employees may participate in the State of Louisiana’s Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees, and their beneficiaries. The state administers the plan through the Office of Group Benefits (OGB). LRS 42:801-883 assigns the authority to establish and amend benefit provisions of the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75 to pay related benefits. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in the State of Louisiana Comprehensive Annual Financial Report (CAFR).

Benefits Provided:

The OPEB Plan provides benefits such as death benefits, life insurance, disability, and long-term care that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment. The OPEB plan does not provide termination benefits or termination payments for sick leave.

Contributions:

The contribution requirements of plan members and the District are established and may be amended by LRS 42:801-883. The OPEB Plan is currently funded on a pay-as-you-go basis through a combination of retiree and District contributions. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving post-employment benefits. The retirees contribute to the cost of their postemployment benefits based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. Employee premiums for these benefits

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
 (STATE OF LOUISIANA)
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

6. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

totaled \$24,704 and \$26,794 for the years ended June 30, 2020 and 2019, respectively. Employer contributions to the OPEB Plan from the District were \$61,197 and \$61,283 for the years ended June 30, 2020 and 2019, respectively.

Employer contributions are based on plan premiums and the employer contribution percentage. This percentage is based on the date of participation in an OGB plan (before or after January 1, 2002) and employee years of service at retirement. Employees who began participation or rejoined the plan before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65 who pay approximately 25% of the active employee cost). For those beginning participation or rejoining on or after January 1, 2002, the percentage of premiums contributed by the employer is based on the following schedule:

<u>OGB Participation</u>	<u>Retiree Share</u>	<u>State Share</u>
Under 10 years	81%	19%
10-14 years	62%	38%
15-19 years	44%	56%
20+ years	25%	75%

The District paid approximately 75% of health care premiums for all retirees.

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for the individual retiree and spouses of retirees, subject to maximum values. The retiree pays \$.54 monthly for each \$1,000 of life insurance. The retiree pays \$.98 monthly for each \$1,000 of spouse life insurance.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to OPEB:

At June 30, 2020, the District reported a total OPEB liability of \$2,615,231. The total OPEB liability was measured as of July 1, 2019 and was determined by an actuarial valuation as of that date.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
 (STATE OF LOUISIANA)
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

6. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to OPEB: (Continued)

For the year ended June 30, 2020, the District recognized OPEB expense of \$204,059. As of June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ 462,963
Difference between expected and actual experience	238,301	-
Employer contributions subsequent to the measurement date	61,197	-
Total	\$ 299,498	\$ 462,963

Deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date of \$61,197 will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

Year Ended June 30	Amount
2021	\$ 60,554
2022	60,554
2023	49,588
2024	53,966
	\$ 224,662

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

6. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Actuarial Methods and Assumptions:

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.8%
Salary Increases	Consistent with the pension valuation assumptions
Investment Rate of Return	2.79%, based on the S&P Municipal Bond 20-Year High Grade Rate Index
Healthcare Cost Trend	7% - 4.5%
Mortality Rates	For healthy lives the RP-2014 Blue Collar Healthy Mortality Table, projected on a fully generational basis by Mortality Improvement Scale MP-2018. For existing disabled lives, the RP-2000 Disabled Retiree Mortality Table, not projected with mortality improvement.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2016 to December 31, 2017. As a result of the 2017 actuarial experience study, the expectation of life after disability was adjusted in the July 1, 2017 actuarial valuation to more closely reflect actual experience.

Discount Rate:

The discount rate used to measure the total OPEB liability was 2.79%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at contractually required rates. Based on this assumption and as the OPEB Plan is unfunded, the OPEB plan's fiduciary net position was not projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was determined using a discount rate that reflects the 20-year tax-exempt municipal bond yield or index rate.

The discount rate used to measure the total OPEB liability was decreased to 2.79% in the July 1, 2019 valuation from 2.98% as of July 1, 2018. The discount rate in the current valuation reflects the S&P Municipal Bond 20-Year High Grade Rate Index.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
 (STATE OF LOUISIANA)
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

6. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Sensitivity of the District's OPEB Liability to Changes in the Discount Rate:

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.79%) or 1% higher (3.79%) than the current discount rate:

District's total OPEB liability	<u>\$3,166,522</u>	<u>\$2,615,231</u>	<u>\$2,194,505</u>
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Sensitivity of the District's OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

District's total OPEB liability	<u>\$2,180,829</u>	<u>\$2,615,231</u>	<u>\$3,194,899</u>
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Payables to the OPEB Plan:

As of June 30, 2020, the District reported no payables for outstanding contributions to the OPEB plan required for the year ended June 30, 2020.

7. LEASE EXPENSE:

The District leases various equipment and property for use in its operations. Total lease expense for all leases during the years ended June 30, 2020 and 2019 was \$180,161 and \$166,518, respectively.

The schedule of estimated future minimum lease payments as of June 30, 2020 is as follows:

<u>Year Ended</u>	<u>Amount</u>
2021	\$ 167,607
2022	170,241
2023	172,491

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
 (STATE OF LOUISIANA)
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

7. LEASE EXPENSE: (Continued)

Estimated future minimum lease payments as of June 30, 2020 - Continued

<u>Year Ended</u>	<u>Amount</u>
2024	172,491
2025	172,491
2026 through 2030	730,392
2031 through 2035	521,944
2036 through 2040	<u>156,275</u>
	<u>\$ 2,263,932</u>

8. LEASE REVENUES:

The District leases property and buildings located at the Chalmette and Arabi terminals and other sites within St. Bernard Parish and dock and barge facilities located at the Chalmette Slip to various businesses. These leases are reported as operating leases. Minimum future rental income on non-cancelable leases as of June 30, 2020 is as follows:

<u>Year Ended</u>	<u>Amount</u>
2021	\$ 3,571,802
2022	3,476,334
2023	3,359,819
2024	3,019,510
2025	2,718,320
Thereafter	<u>14,609,113</u>
Total	<u>\$ 30,754,898</u>

Contingent rentals earned for the years ended June 30, 2020 and 2019 were \$587,294 and \$608,620, respectively.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
 (STATE OF LOUISIANA)
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

8. LEASE REVENUES: (Continued)

The carrying value of leased property as of June 30, 2020 and 2019 was as follows:

<u>2020</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Value</u>
Land	\$ 18,733,418	\$ -	\$ 18,733,418
Dock and barge facilities	96,501,122	(47,566,004)	48,935,118
Buildings and improvements	48,210,681	(26,037,889)	22,172,792
	<u>\$ 163,445,221</u>	<u>\$ (73,603,893)</u>	<u>\$ 89,841,328</u>

<u>2019</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Value</u>
Land	\$ 17,026,367	\$ -	\$ 17,026,367
Dock and barge facilities	96,510,841	(43,893,149)	52,617,692
Buildings and improvements	48,188,090	(24,311,332)	23,876,758
	<u>\$ 161,725,298</u>	<u>\$ (68,204,481)</u>	<u>\$ 93,520,817</u>

9. SERVICE CONCESSION ARRANGEMENT:

The District has contracted with a private party to operate its facilities. The operator of the District's facilities performs improvements to existing capital assets of the District when necessary. These improvements are capitalized as they are made and are subject to depreciation based on existing policies for similar capital assets. The difference between the initial capital asset recognized and any associated liability with the arrangement, if any, is reported as a deferred inflow of resources and is recognized as income in a systematic and rational manner based on the terms to the arrangement.

Amounts recognized as revenues relating to the arrangement for the years ended June 30, 2020 and 2019 was \$587,294 and \$608,620, respectively. Unearned revenue relating to the arrangement as of June 30, 2020 and 2019 was \$342,131 and \$821,970, respectively, and is included in deferred inflows of resources on the Statements of Net Position.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

10. AD VALOREM TAXES:

Property taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. Property taxes are levied on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the District. Assessed values are established by the St. Bernard Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. The assessed value upon which the 2020 levy was based was \$401,760,622 with homestead exemptions of \$67,482,580. The assessed value upon which the 2019 levy was based was \$412,745,279 with homestead exemptions of \$65,637,215.

The District is permitted by Article 7, Section 23 of the 1974 Constitution and Act 228 of 1960 of the State of Louisiana to levy taxes up to \$5.00 per \$1,000 of assessed valuation on property within the District to defray their administrative, operative, and maintenance expenditures. Taxes were levied to finance expenses at a rate of \$3.73 per \$1,000 for the 2020 and 2019 levies.

Ad valorem taxes are generally collected in December of the current year and January and February of the ensuing year. Current tax collections for the years ended June 30, 2020 and 2019 were 102.10% and 99.82%, respectively, of the tax levies.

As required by State of Louisiana statutes, prescribed deductions are made from the District's property tax receipts to cover contributions to various pension funds. The deductions for the years ended June 30, 2020 and 2019 were \$45,679 and \$39,938, respectively.

11. PENSION PLANS:

Plan Descriptions:

Substantially all employees of the District are provided with pensions through cost-sharing multiple-employer defined benefit pension plans administered by the Teachers' Retirement System of Louisiana (TRSL) or Louisiana State Employees' Retirement System (LASERS). The authority to establish and amend the benefit terms of TRSL and LASERS was granted to the respective Board of Trustees and the Louisiana Legislature by Title 11 of the 11. Louisiana Revised Statutes. TRSL and LASERS each issues publicly available financial reports that can be obtained at www.trsl.org and www.lasersonline.org, respectively. All permanent employees, who meet the age requirements and who are paid wholly or in part from the District funds must be members of LASERS. However, employees who were previously members of other state retirement systems may continue to participate in that system in lieu of participating in LASERS. There were no employees participating in TRSL for the years ended June 30, 2020 and 2019.

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11. PENSION PLANS: (Continued)

Benefits Provided:

Teacher's Retirement System of Louisiana (TRSL):

TRSL provides retirement, deferred retirement option (DROP), disability, and survivor benefits through three membership plans. Retirement benefits are determined as 2 or 2.5% (Regular Plan), 3% (Plan A), or 2% (Plan B) of final average salary for each year of credited service. Final average salary is based upon the member's highest successive 36 months of salary for members hired prior to January 1, 2011 or 60 months of salary for members hired on or after January 1, 2011.

Employees hired prior to July 1, 1999 are eligible to retire at age 60 with five years of accredited service or 20 years of creditable teaching service regardless of age. Employees hired on or after July 1, 1999 and prior to January 1, 2011 are eligible to retire at age 60 with five years of accredited service, at age 55 with 25 years of accredited service, or at any age with 30 years of accredited service. Employees hired on or after January 1, 2011 are eligible to retire at age 60 with 5 years of accredited service or at any age with 20 years of service credit. Employees hired on or after July 1, 2015 are eligible to retire at age 62 with five years of accredited service or at any age with 20 years of service credit.

In lieu of terminating employment and accepting a service retirement, an eligible member can begin participation in the Deferred Retirement Option Program (DROP) on the first retirement eligibility date for a period not to exceed three years. Delayed participation reduces the three year participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account. Upon termination of DROP, the member can continue employment and earn additional accruals to be added to the fixed pre-DROP benefit. Upon termination of employment, the member is entitled to the fixed benefit, an additional benefit based on post-DROP service (if any), and the individual DROP account balance which can be paid in a lump sum or an additional annuity based upon the account balance.

Disability benefits for employees hired prior to January 1, 2011, and who have five or more years of credited services are eligible for disability retirement benefits. Disability benefits for employees hired on or after January 1, 2011 must have at least ten years of service to be eligible for a disability benefit. Calculation of the disability benefit as well as the availability of a minor child benefit is determined by the plan to which the member belongs and the date on which the member's first employment made them eligible for membership in a Louisiana state retirement system.

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11. PENSION PLANS: (Continued)

Benefits Provided: (Continued)

Teacher's Retirement System of Louisiana (TRSL): (Continued)

A surviving spouse with minor children of an active member with five years of creditable service (two years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) 50% of the member's benefit calculated at the 2.5% accrual rate for all creditable service. When minor children are no longer eligible to receive survivor benefits, the spouse's benefit reverts to a survivor benefit in accordance with the provisions for a surviving spouse with no minor children. Benefits for the minor children cease when he/she is no longer eligible.

Each minor child (maximum of two) shall receive an amount equal to the greater of (a) 50% of the spouse's benefit, or (b) \$300 (up to two eligible children). Benefits to minors cease at attainment of age 21, marriage, or age 23 if enrolled in an approved institution of higher education.

A surviving spouse without minor children of an active member with 10 years of creditable service (two years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) the Option 2 equivalent of the benefit calculated at the 2.5% benefit factor for all creditable service.

TRSL allows for the payment of ad hoc 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.

Louisiana State Employees' Retirement System (LASERS):

LASERS provides retirement, deferred retirement option (DROP), disability, and survivor's benefits. The age and years of creditable service required in order for a member to retire with full benefits vary depending on the member's hire date, employer, and job classification. Employees hired prior to July 1, 2006 are eligible to retire at age 60 with 10 years of accredited service or 30 years of creditable service regardless of age. Employees hired between July 1, 2006 and June 30, 2015 are eligible to retire at age 60 with five years of accredited service. Employees hired on or after July 1, 2015 are eligible to retire at age 62 with five years of accredited service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

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(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
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11. PENSION PLANS: (Continued)

Benefits Provided: (Continued)

Louisiana State Employees' Retirement System (LASERS): (Continued)

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.

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 12 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.

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

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11. PENSION PLANS: (Continued)

Benefits Provided: (Continued)

Louisiana State Employees' Retirement System (LASERS): (Continued)

tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of .5% 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 .5% 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.

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 age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

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 20 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 10 years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

LASERS allows for the payment of ad hoc 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.

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11. PENSION PLANS: (Continued)

Benefits Provided: (Continued)

Contributions:

Teachers' Retirement System of Louisiana (TRSL):

Employer contribution requirements of active employees are established annually under Title 11 of the Louisiana Revised Statutes (LA R.S. 11:101-11:104) by the Public Retirement System's Actuarial Committee (PRSAC). The District's employees participating in TRSL were included in the Regular Plan. Members are required by state statute to contribute 8.0% of their annual covered salaries and the District is required to make employer contributions based on an actuarially determined rate. The employer contribution rates for the fiscal years ended June 30, 2020 and 2019 was 26.0% and 26.7% of annual covered payroll, respectively. The District's contributions paid to TRSL for the years ended June 30, 2020 and 2019 were \$-0- and \$-0-, respectively.

Louisiana State Employees' Retirement System (LASERS):

Contribution requirements of active employees are governed by Title 11 of the Louisiana Revised Statutes (LA R.S. 11:101-11:104) by the Public Retirement System's Actuarial Committee (PRSAC). Substantially all of the District's employees participating in LASERS are included in the Regular Plan. Members are required by state statute to contribute 7.5% of their annual covered salaries if hired before July 1, 2006 (closed plan) and 8.0% of their annual covered salaries if hired after July 1, 2006, and the District is required to make employer contributions based on an actuarially determined rate. The employer contribution rates for the fiscal years ended June 30, 2020 and 2019 was 40.7% and 37.9% of annual covered payroll, respectively. The District's contributions paid to LASERS for the years ended June 30, 2020 and 2019 were \$528,868 and \$469,212, respectively.

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

At June 30, 2020, the District reported a liability for its participation in TRSL and LASERS of \$-0- and \$4,712,671, respectively, for its proportionate share of the net pension liability of each System. At June 30, 2019, the District reported a liability for its participation in TRSL and LASERS of \$-0- and \$4,122,854, respectively, for its proportionate share of the net pension liability of each System. The net pension liabilities were measured as of June 30, 2019 and 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The District's proportion of the net

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11. PENSION PLANS: (Continued)

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

pension liability for TRSL and LASERS was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At the June 30, 2019 measurement date, the District's proportion in TRSL and LASERS was 0.00000%, and 0.06505%, respectively, which was a change of approximately 0.00% and an increase of 0.00384%, respectively, from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension benefit for its participation in TRSL of \$106,008 and pension expense for its participation in LASERS of \$802,450. For the year ended June 30, 2019, the District recognized pension benefit for its participation in TRSL of \$79,461 and pension expense for its participation in LASERS of \$535,600.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for its participation in TRSL:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between employer and non-employer contributions and proportionate share of contributions	2,399	243,853
Employer contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 2,399</u>	<u>\$ 243,853</u>

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
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11. PENSION PLANS: (Continued)

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

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for its participation in TRSL:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between employer and non-employer contributions and proportionate share of contributions	18,318	365,780
Employer contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 18,318</u>	<u>\$ 365,780</u>

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for its participation in LASERS:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 28,937	\$ 9,793
Changes of assumptions	40,383	-
Net difference between projected and actual earnings on pension plan investments	162,816	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	215,196	-
Employer contributions subsequent to the measurement date	<u>528,868</u>	<u>-</u>
Total	<u>\$ 976,200</u>	<u>\$ 9,793</u>

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
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11. PENSION PLANS: (Continued)

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

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for its participation in LASERS:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 46,812
Changes of assumptions	42,479	-
Net difference between projected and actual earnings on pension plan investments	54,129	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	182,790	-
Employer contributions subsequent to the measurement date	<u>469,212</u>	<u>-</u>
Total	<u>\$ 748,610</u>	<u>\$ 46,812</u>

Deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date for TRSL and LASERS of \$-0- and \$528,868, respectively, will be recognized as a reduction of the net pension liability during the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

2021	\$ (119,528)	\$ 303,363
2022	(121,926)	28,352
2023	-	44,794
2024	-	61,030

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
 (STATE OF LOUISIANA)
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11. PENSION PLANS: (Continued)

Actuarial Assumptions:

The total pension liability in the June 30, 2019 actuarial valuations for TRSL and LASERS was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions:	<u>TRSL</u>	<u>LASERS</u>
Inflation	2.50%	2.50%
Salary Increases	3.3% - 4.8%	2.8% - 14.0%
Investment Rate of Return	7.55%	7.60%
Dates of Experience Study	2012-2017	2014-2018
Mortality Rates	RP-2014 Mortality Tables adjusted from 2014-2018 using the MP-2017 generational improvement table	RP-2014 Combined Healthy Mortality Table with mortality improvement projected to 2018 RP-2000 Disabled Retiree Mortality Table with no projection for mortality improvement

The long-term expected rates of return on pension plan investments of TRSL and LASERS were 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 expected real rates of return of TRSL and LASERS for each major asset class as of the June 30, 2019 measurement date are summarized in the following tables:

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11. PENSION PLANS: (Continued)

Actuarial Assumptions: (Continued)

Teachers' Retirement System of Louisiana (TRSL):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rates of Return (Arithmetic)</u>
Domestic Fixed Income	13.0%	1.69%
International Fixed Income	5.5	2.10
Domestic Equity	27.0	4.60
International Equity	19.0	5.70
Private Equity	25.5	8.67
Other Private Assets	<u>10.0</u>	3.65
Total	<u>100.0%</u>	

Louisiana State Employees' Retirement System (LASERS):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rates of Return (Geometric)</u>
Cash	0.0%	-0.48%
Domestic Equity	23.0	4.31
International Equity	32.0	5.26
Domestic Fixed Income	6.0	1.49
International Fixed Income	10.0	2.23
Alternative Investments	22.0	7.67
Global Asset Allocation	<u>7.0</u>	4.96
Total	<u>100.0%</u>	

Discount Rate:

The discount rate used to measure the total pension liability of TRSL and LASERS was 7.60%. 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 pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
 (STATE OF LOUISIANA)
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JUNE 30, 2020 AND 2019

11. PENSION PLANS: (Continued)

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

The following presents the District's proportionate share of the net pension liability of TRSL and LASERS as of June 30, 2020 and 2019 using the current discount rate of 7.60% and 7.65%, respectively, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	District's Proportionate Share of the Net Pension Liability		
	1.00% Decrease	Current Discount Rate 7.60%	1.00% Increase 8.60%
	6.60%		
<u>June 30, 2020</u>			
Teachers' Retirement System of Louisiana	\$ -	\$ -	\$ -
Louisiana State Employees' Retirement System	5,947,992	4,712,671	3,669,240

	District's Proportionate Share of the Net Pension Liability		
	1.00% Decrease	Current Discount Rate 7.65%	1.00% Increase 8.65%
	6.65%		
<u>June 30, 2019</u>			
Teachers' Retirement System of Louisiana	\$ -	\$ -	\$ -
Louisiana State Employees' Retirement System	5,268,468	4,174,477	3,232,282

Support of Non-employer Contributing Entities:

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The District recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the years ended June 30, 2020 and 2019, the District recognized no revenue as a result of support received from non-employer contributing entities for its participation in TRSL. LASERS does not receive support from non-employer contributing entities and as a result no revenue was recorded for the participation in LASERS for the years ended June 30, 2020 and 2019.

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 (STATE OF LOUISIANA)
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11. PENSION PLANS: (Continued)

Pension Plan Fiduciary Net Position:

Detailed information about the pension plans fiduciary net position is available in the separately issued financial reports for TRSL and LASERS.

12. DEFERRED COMPENSATION PLAN:

The Louisiana Public Employees Deferred Compensation Plan (the Plan) was adopted by the Louisiana Deferred Compensation Commission effective September 15, 1982. The Plan was established in accordance with Louisiana Revised Statutes 42:1301 through 42:1308 and section 457 of the Internal Revenue Code of 1954, as amended, for the purpose of providing supplemental retirement income to employees by permitting them to defer a portion of compensation to be invested and distributed in accordance with the terms of the Plan.

All compensation deferred under the Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property or rights, shall be held for the exclusive benefit of participants and their beneficiaries.

The maximum amount of compensation which may be deferred during a calendar year shall not exceed \$19,500 and \$19,000 for the years ended June 30, 2020 and 2019, respectively.

The District makes contributions to the Plan on behalf of each employee based on the following schedule:

<u>Years of Service</u>	<u>Monthly Contribution</u>
0-2	\$ 30
3-5	60
6-9	90
10-14	120
15 and over	150

Contributions to the Plan by employees totaled \$106,944 and \$98,123 for the years ended June 30, 2020 and 2019, respectively. Contributions to the Plan by the District totaled \$45,974 and \$42,768 for the years ended June 30, 2020 and 2019, respectively.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
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NOTES TO FINANCIAL STATEMENTS
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13. COMMITMENTS AND CONTINGENCIES:

The District is currently involved in legal proceedings following its expropriation of approximately 71 acres of land for expansion of port services. The previous landowner (Violet Dock) contested the expropriation. A district court judge upheld the District's expropriation of the property during a bench trial on February 1, 2012. The District has deposited \$16,000,000 into the registry of the court as part of its petition for expropriation. The District seeks a reduction of this amount for debris removal and environmental and other issues. The previous owner contends that it is entitled to \$66,000,000 in damages for the full extent of its losses related to the expropriation.

Both parties timely filed a notice of appeal of the District Court's decision to the Fourth Circuit Court of Appeal. Violet Dock asked the Court to reverse the public purpose determination and return the Property to it. Alternatively, Violet Dock asked that the appellate court increase the award of fair market value. On December 14, 2016, the Fourth Circuit issued its opinion and affirmed the District Court's holdings in all respects - the Port's public purpose for taking the Property and the \$16,000,000 value award. The Fourth Circuit later denied Violet Dock's request for rehearing.

Violet Dock sought writs from the Louisiana Supreme Court, which were granted. Again Violet Dock challenged the public purpose of the taking and asks for its property to be restored and for an increase in the fair market value of the property. Oral arguments were scheduled before the Louisiana Supreme Court on October 16, 2017. On January 30, 2018, the Louisiana Supreme Court issued its Judgment affirming the public purpose of the taking. The Court remanded, however, the valuation determination to the Louisiana Fourth Circuit Court of Appeal to determine if the \$16,000,000 was correct in light of the trial court's legal error that he was bound to choose only one party's presentation of the valuation or if he could arrive at a different value. Violet Dock sought rehearing with the Louisiana Supreme Court on the public purpose ruling, but that request was denied.

A three-judge panel at the Fourth Circuit heard oral argument on April 30, 2018 solely on the question of the value of the Property with St. Bernard Port arguing that the value of the Property was no more than \$16,000,000. Violet Dock argued again that the value of the Property was at least \$28,000,000, but that it was still seeking higher amounts in the range of \$50,000,000 to \$60,000,000. Following this argument, the parties were notified that the case was being sent to an *en bane*, five-judge panel for review. The parties again argued the merits of the valuation issue on June 14, 2018.

On September 12, 2018, the Fourth Circuit issued its opinion and increased the award to Violet Dock from \$16,000,000 to \$28,764,685 and also awarding attorneys' fees and costs. The Port filed an application for review with the Louisiana Supreme Court on October 12, 2018 arguing that the award was completely unsupported by the record evidence, was far too high for this property, and that the \$16,000,000 value should be reinstated. Violet Dock has also filed a

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
 (STATE OF LOUISIANA)
 NOTES TO FINANCIAL STATEMENTS
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13. COMMITMENTS AND CONTINGENCIES: (Continued)

writ application with the Supreme Court asking the court to increase the award from \$28,764,685 to \$41,000,000. In response to Violet Dock’s request, the Port intends to argue that the Court should grant both writs to address the jurisprudence on which the Fourth Circuit based its opinion. The Port’s attorney could not determine the likely outcome of this matter.

Just before the *en bane* argument, Violet Dock filed an application for writ of certiorari with the United States Supreme Court. In its application, Violet Dock asks the United States Supreme Court to overturn the taking and return the Property to the company. On October 15, 2018, the United States Supreme Court issued its decision declining to review this matter.

A founder of Violet Dock asserted a claim for attorneys' fees and costs associated with a subpoena issued by St. Bernard Port during the valuation trial, seeking approximately \$350,000 from St. Bernard Port. As part of the attorneys’ fee compromise referenced below, this claim was dismissed.

On February 11, 2019, the Louisiana Supreme Court denied both the Port’s and Violet Dock’s writ application and the \$28,764,685 just compensation award plus judicial interest and attorneys’ fees became a final award. The total award owed by the St. Bernard Port under the judgment is:

Additional just compensation for the property	\$ 12,764,685
Judicial interest at 5% per annum	6,403,326
Attorneys' fees and costs	3,392,079
Judicial interest on attorney fees	337,262
Total claim	<u><u>\$ 22,897,352</u></u>

The Port spent the summer months attempting to secure a Legislative appropriation to fund some portion of the judgment, but no funding was allocated during this Legislative session. Thereafter, on July 17, 2019, Violet Dock filed a motion in United States District Court for the Eastern District of Louisiana, asking the federal court to enforce the state court judgment. The Port filed a motion to dismiss the federal court litigation and requiring Violet Dock to proceed with any collection action in state court. The Eastern District Court dismissed the suit for failure to state a claim.

Violet Dock sought review at the United States Fifth Circuit Court of Appeal, which heard oral arguments on September 2, 2020. Thereafter, the panel facilitated contact between the parties and the Fifth Circuit’s mediation program to discuss resolution. These discussions are ongoing now.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

13. COMMITMENTS AND CONTINGENCIES: (Continued)

Finally, following the District Court judgment, Mr. Ruppel, a founder of Violet Dock, asserted a claim for attorneys' fees and costs associated with a subpoena issued by St. Bernard Port during the valuation trial, seeking approximately \$350,000 from St. Bernard Port. As part of the attorneys' fee compromise referenced in footnote 3, Ruppel dismissed this attorneys' fees claim.

During the years ended June 30, 2020 and 2019, the District incurred \$115,647 and \$190,118 of legal expenses related to the expropriation, respectively.

14. 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, the 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.

15. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through November 10, 2020, which is the date the financial statements were available to be issued.

In early March 2020, the COVID-19 virus was declared a global pandemic, and it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries could be severely impacted for months or more, as governments take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options at this time. No adjustments have been made to these financial statements as a result of this uncertainty.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY
FOR THE SIX YEARS ENDED JUNE 30, 2020

Fiscal Year*	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a % of of Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
<u>LASERS:</u>					
2020	0.0651%	\$ 4,712,671	\$ 1,238,026	380.66%	62.90%
2019	0.0612%	4,174,477	1,167,014	357.71%	64.30%
2018	0.0586%	4,122,854	1,114,374	369.97%	62.50%
2017	0.0561%	4,408,266	1,045,284	421.73%	57.70%
2016	0.0527%	3,587,932	994,779	360.68%	62.70%
2015	0.0527%	3,295,649	1,162,778	283.43%	65.00%
<u>TRSL:</u>					
2020	0.0000%	-	-	-	-
2019	0.0000%	-	-	-	-
2018	0.0000%	-	-	-	-
2017	0.0061%	716,191	261,032	274.37%	59.90%
2016	0.0060%	642,556	253,429	253.54%	62.50%

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

* The amounts presented for each fiscal year were determined as of the prior fiscal year.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
FOR THE SIX YEARS ENDED JUNE 30, 2020

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
<u>LASERS:</u>					
2020	\$ 528,868	\$ 528,868	(0)	\$ 1,299,429	40.70%
2019	469,212	469,212	(0)	1,238,026	37.90%
2018	442,298	448,925	(6,627)	1,167,014	38.47%
2017	398,946	405,704	(6,758)	1,114,374	36.41%
2016	388,846	392,020	(3,174)	1,045,284	37.50%
2015	368,068	368,068	-	994,779	37.00%
<u>TRSL:</u>					
2020	N/A	N/A	N/A	N/A	N/A
2019	N/A	N/A	N/A	N/A	N/A
2018	N/A	N/A	N/A	N/A	N/A
2017	68,560	68,560	-	268,863	25.50%

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

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
FOR THE THREE YEARS ENDED JUNE 30, 2020

<u>Fiscal Year*</u>	District's Beginning Total OPEB <u>Liability</u>	Service <u>Costs</u>	<u>Interest</u>	Difference Between Expected and Actual <u>Experience</u>	Changes in <u>Assumptions</u>	<u>Contributions</u>	District's Ending Total OPEB <u>Liability</u>
2020	\$ 2,793,865	\$ 121,873	\$ 85,962	\$ 71,858	\$ (395,650)	\$ (62,677)	\$ 2,615,231
2019	2,447,902	117,616	79,541	310,994	(113,244)	(48,944)	2,793,865
2018	2,485,894	127,360	70,160	-	(186,568)	(48,944)	2,447,902

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

* The amounts presented for each fiscal year were determined as of the prior fiscal year.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
FOR THE THREE YEARS ENDED JUNE 30, 2020

Fiscal Year	Actuarially Estimated <u>Contributions</u>	District's Actual <u>Contributions</u>	Contribution Deficiency <u>(Excess)</u>	Covered Employee <u>Payroll</u>	Contributions as a Percentage Of Covered Employee <u>Payroll</u>	Total OPEB Liability as a Percentage of Covered Employee <u>Payroll</u>
2020	\$ 61,283	\$ 61,197	86	\$ 1,299,429	4.71%	201.26%
2019	53,029	61,283	(8,254)	1,238,026	4.95%	225.67%
2018	48,944	53,029	(4,085)	1,167,014	4.54%	209.76%

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

ST. BERNARD PORT, HAROR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020 AND 2019

1. SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY:

This schedule reflects the participation of the District's employees in Louisiana State Employees' Retirement System and Teachers' Retirement System of Louisiana, and its proportionate share of the net pension liability, the proportionate share of the net pension liability as a percentage of its covered payroll, and the plan fiduciary net position as a percentage of the total pension liability. The employers' net pension liability is the liability of the District's employees for benefits provided through Louisiana State Employees' Retirement System and Teachers' Retirement System of Louisiana. Covered payroll is the payroll of all employees that are provided with benefits through the plan. The amounts in the schedule for each fiscal year were determined as the prior fiscal year ended.

2. SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS:

The difference between actuarially determined employer contributions and employer contributions received, and the percentage of employer contributions received to covered payroll, is presented in this schedule. The amounts presented in the schedule were determined as of the end of each fiscal year.

3. SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY:

This schedule reflects the participation of the District's employees in the State of Louisiana Postemployment Benefits Plan and changes in the total other postemployment liability.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of the Governmental Accounting Standards Board Statement No. 75 to pay related benefits.

4. CHANGES OF BENEFIT TERMS:

During the reporting period 2017, a 1.5% Cost of Living Adjustment (COLA) was granted by LASERS and TRSL. There were no changes in benefit terms for any of the remaining years presented.

5. CHANGES IN ASSUMPTIONS:

Pension Plan:

Amounts reported in the actuary valuations dated June 30, 2018 and 2017 for LASERS reflect an adjustment in the discount rate, inflation rate, and salary increases used to value the projected benefit payments attributed to past periods of service. The discount rate for LASERS was decreased by 0.05% to 7.70% in 2017 and 7.65% in 2018. Other changes were as follows:

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020 AND 2019

5. CHANGES IN ASSUMPTIONS: (Continued)

Pension Plan: (Continued)

Valuation Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Investment Rate of Return	7.60%	7.65%	7.70%	7.75%
Inflation Rate	2.50%	2.75%	2.75%	3.00%
Expected Remaining Service Lives	2 Years	3 Years	3 Years	3 Years
Salary Increases	2.8% - 14.0%	2.8% - 14.3%	2.8% - 14.3%	3.0% - 14.5%
Mortality Rate - Active & Retired Members	Mortality rates based on the RP-2014 mortality tables	Mortality rates based on the RP-2000 mortality tables	Mortality rates based on the RP-2000 mortality tables	Mortality rates based on the RP-2000 mortality tables
Termination, disability, and retirement assumptions	Projected on a 5 year (2014-2018) experience study	Projected on a 5 year (2009-2013) experience study	Projected on a 5 year (2009-2013) experience study	Projected on a 5 year (2009-2013) experience study

OPEB Plan:

The discount rate changed from 2.98% as of July 1, 2018 to 2.79% as of July 1, 2019 for the State of Louisiana OPEB Plan.

Other changes in assumptions as of July 1, 2019 were as follows:

1. Baseline per capita costs were updated to reflect 2019 claims and enrollment and retiree contributions were updated based on 2020 premiums. Plan claims and premiums increased less than had been expected, which decreased the Plan's liability. In addition, the estimate of future EGWP savings was increased based on an analysis of recent EGWP experience. This further reduced the Plan's liability.
2. Life insurance contributions were updated based on schedules for 2020 monthly rates, which reduced the Plan's liability.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020 AND 2019

3. The impact of the High Cost Excise Tax was removed. The High Cost Excise Tax was repealed in December 2019. This reduced the Plan's liability.
4. Demographic assumptions were revised for the Louisiana State Employees' Retirement System to reflect the recent experience study.

The discount rate changed from 3.13% as of July 1, 2017 to 2.98% as of July 1, 2018 for the State of Louisiana OPEB Plan.

Other changes in assumptions as of July 1, 2018 were as follows:

1. Baseline per capita costs were updated to reflect 2018 claims and enrollment and retiree contributions were updated based on 2019 premiums. The impact of the High Cost Excise Tax was revisited, reflecting updated plan premiums.
2. The mortality assumption for the Louisiana State Employees' Retirement System was updated from the RP-2014 Healthy Annuitant and Employee tables for males and females with generational projections using projection scale MP-2017 to the RP-2014 Healthy Annuitant and Employee tables for males and females using projection scale MP-2018.

The discount rate changed from 2.71% as of July 1, 2016 to 3.13% as of July 1, 2017, for the State of Louisiana OPEB Plan.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULES OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
 TO AGENCY HEAD
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

Executive Director: Drew Heaphy

<u>Purpose</u>	<u>2020</u>	<u>2019</u>
Salary	\$ 205,895	\$ 197,976
Benefit - insurance	18,528	18,968
Benefits - retirement (LASERS)	83,799	78,917
Benefits - retirement (State Deferred Compensation Plan)	20,150	19,900
Vehicle provided by government	10,248	10,248
Per diem	567	259
Reimbursements	2,640	2,320
Travel	7,210	5,197
Membership dues	1,005	925
Registration fees	4,255	2,070
	<u>4,255</u>	<u>2,070</u>
Total	<u>\$ 354,297</u>	<u>\$ 336,780</u>



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

November 10, 2020

Board of Commissioners
St. Bernard Port, Harbor and Terminal District
Chalmette, 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 St. Bernard Port, Harbor and Terminal District (the District), a component unit of the State of Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 10, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Hens & Macaluso, LLP
Metairie, Louisiana



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE

November 10, 2020

Board of Commissioners
St. Bernard Port, Harbor and Terminal District
Chalmette, Louisiana

Report on Compliance for Each Major Program

We have audited the St. Bernard Port, Harbor, and Terminal District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hens & Macaluso, LLP
Metairie, LA

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
 (STATE OF LOUISIANA)
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
<u>Department of Homeland Security</u>			
Passed Through the State of Louisiana:			
Public Assistance Grant	97.036	unknown	\$ 221,651
Passed Through the Lower Mississippi River Port-Wide Strategic Security Council:			
Port Security Grant	97.056	unknown	<u>686,897</u>
Total Department of Homeland Security			
 Total Federal Assistance Expended			 <u>\$ 908,548</u>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal Awards includes the federal grant activity of the St. Bernard Port, Harbor and Terminal District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

2. ACCRUED AND DEFERRED REIMBURSEMENT

Various reimbursement procedures are used for federal awards received by the St. Bernard Port, Harbor and Terminal District. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and the end of the year.

3. PAYMENTS TO SUBRECIPIENTS

There were no payments to sub-recipients for the year ended June 30, 2020.

4. DE MINIMIS COST RATE

The St. Bernard Port, Harbor and Terminal District elected to not use the 10% De Minimis indirect cost rate.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

A. SUMMARY OF AUDIT RESULTS

1. The independent auditor's report expresses an unmodified opinion on the financial statements of the St. Bernard Port, Harbor and Terminal District.
2. No control deficiencies relating to the audit of the financial statements are reported in the *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters based on an audit of Financial Statements Performed in Accordance With Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No control deficiencies relating to the audit of the major federal award programs are reported in the *Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Award Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
5. The auditors' report on compliance with requirements applicable to major federal award programs for the St. Bernard Port, Harbor and Terminal District expresses an unmodified opinion.
6. The auditors' report disclosed no findings that were required to be reported in accordance with the Uniform Guidance.
7. A management letter was not issued for the year ended June 30, 2020.
8. The programs tested as major programs were:

	<u>CFDA#</u>
Port Strategic Grant	97.056
9. The threshold for distinguishing between Type A and Type B programs was \$750,000.
10. St. Bernard Port, Harbor and Terminal District did not qualify as a low-risk auditee.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

PRIOR AUDIT FINDINGS

None.