

**PORT OF SOUTH LOUISIANA**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED**

*April 30, 2023 and 2022*

# PORT OF SOUTH LOUISIANA

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## INDEPENDENT AUDITORS' REPORT

The Board of Commissioners of the  
Port of South Louisiana

### **Opinions**

We have audited the accompanying financial statements of the Port of South Louisiana (Port) as of and for the years ended April 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port of South Louisiana as of April 30, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Change in Accounting Principle**

As discussed in Note 1 to the financial statements, in 2023 the Port adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 4 through 8 and pages 35 through 37 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

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

### ***Supplementary Information***

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2023, on our consideration of the Port of South Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control over financial reporting and compliance.

*Kushner LaGraize, L.L.C.*

Metairie, Louisiana  
October 18, 2023

**PORT OF SOUTH LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*April 30, 2023*

This section of the Port of South Louisiana's (the Port) financial report presents a discussion and analysis of the Port's financial performance during the fiscal year that ended April 30, 2023. Please read it in conjunction with the Port's financial statements, which follows this section.

**FINANCIAL HIGHLIGHTS**

The Port's net position (assets fully owned with no restrictions) of approximately \$180.9 million represents approximately 60% of total assets of approximately \$302.4 million in 2023. In 2022, the Port's net position of approximately \$175.9 million approximated 57% of total assets of approximately \$307.5 million.

The Port had an increase in net position of approximately \$5.0 million for the year ended April 30, 2023 and an increase in net position of approximately \$22.3 million in 2022.

In addition, the Port's cash provided from operating activities was \$1,814,090 in 2023 as compared to \$6,846,756 in 2022.

The Port adopted GASB Statement No. 87, "Leases" (GASB 87) in 2023. The implementation of the standard led to the Port recognizing lease receivables in the amounts of \$105,367,454 and \$111,194,861 as of April 30, 2023 and 2022, respectively. The Port also recognized deferred inflows of resources in the amounts of \$101,406,092 and \$109,079,150 as of April 30, 2023 and 2022, respectively. The implementation resulted in a restatement of 2022 ending net position from \$173,765,866 to \$175,881,577 (an increase of \$2,115,711).

The Port entered into an agreement with the owners of Avondale Shipyard to potentially purchase the shipyard. A deposit was placed in escrow in the amount of \$1.5 million.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This financial report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and the notes to the financial statements. The financial statements provide both long-term and short-term information about the Port's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

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

**PORT OF SOUTH LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
*April 30, 2023*

**FINANCIAL ANALYSIS OF THE PORT**

**Net Position**

The Port's total assets at April 30, 2023 reached approximately \$302.4 million. A change in the composition of assets is primarily due to the receipt of lease receivables during 2023.

Table A-1  
PORT OF SOUTH LOUISIANA  
Statements of Net Position  
April 30, 2023 and 2022

	<u>2023</u>	<u>Restated 2022</u>	<u>Variance</u>	<u>Percent Variance</u>
<b>ASSETS</b>				
Current assets	\$ 40,445,417	\$ 44,903,368	\$ (4,457,951)	(10) %
Restricted assets	8,590	8,590	-	0 %
Property and equipment, net	161,210,527	157,239,985	3,970,542	3 %
Other assets	<u>100,737,481</u>	<u>105,368,113</u>	<u>(4,630,632)</u>	(4) %
Total Assets	302,402,015	307,520,056	(5,118,041)	(2) %
Deferred Outflows of Resources	<u>2,271,298</u>	<u>1,493,485</u>	<u>777,813</u>	52 %
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 304,673,313</u></b>	<b><u>\$ 309,013,541</u></b>	<b><u>\$ (4,340,228)</u></b>	<b>(1) %</b>
<b>LIABILITIES</b>				
Current liabilities	\$ 3,105,727	\$ 5,105,519	\$ (1,999,792)	(39) %
Revenue bonds payable from restricted assets	1,836,000	2,462,000	(626,000)	(25) %
Other noncurrent liabilities	<u>14,919,880</u>	<u>14,046,887</u>	<u>872,993</u>	6 %
Total Liabilities	19,861,607	21,614,406	(1,752,799)	(8) %
Deferred Inflows of Resources	103,941,754	111,517,558	(7,575,804)	(7) %
<b>NET POSITION</b>				
Net investment in capital assets	158,571,964	153,995,238	4,576,726	3 %
Restricted	8,590	8,590	-	0 %
Unrestricted	<u>22,289,398</u>	<u>21,877,749</u>	<u>411,649</u>	2 %
Total Net Position, as restated	<u>180,869,952</u>	<u>175,881,577</u>	<u>4,988,375</u>	3 %
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION, AS RESTATED</b>	<b><u>\$ 304,673,313</u></b>	<b><u>\$ 309,013,541</u></b>	<b><u>\$ (4,340,228)</u></b>	<b>(1) %</b>

**PORT OF SOUTH LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
*April 30, 2023*

Total assets decreased by approximately \$5.1 million. The decrease is mainly related to the Port collecting amounts recorded as leases receivable under GASB 87 of approximately \$5.8 million.

Total liabilities decreased by approximately \$1.8 million. The decrease in liabilities is mainly a result of a decrease in current operating payables due to timing of payments.

Deferred inflows of resources decreased approximately \$7.6 million, which is directly related to the lease activity under GASB 87.

Net position increased by approximately \$5.0 million as explained in the following section. Net position invested in capital assets reflect fixed assets, net of accumulated depreciation, net of debt balance for capital leases. Restricted assets reflect assets restricted by a donor and/or contractual agreements for specific purposes.

**CHANGE IN NET POSITION**

The increase in net position for the year ended April 30, 2023 was approximately \$5.0 million as compared to an increase in net position of approximately \$22.3 million for the year ended April 30, 2022. The current year increase resulted primarily from interest income from leases of \$3.3 million, intergovernmental revenues of \$2.6 million and capital contributions of \$4.2 million and then offset by higher operating expenses of \$5.4 million. The pension expenses increased due to differences between projected and actual earnings and OPEB expenses decreased mainly due to changes in assumptions. Operating expenses include approximately \$5.2 million of depreciation expense. The changes in net position are detailed in Table A-2.



**PORT OF SOUTH LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
*April 30, 2023*

Table A-2  
**PORT OF SOUTH LOUISIANA**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**April 30, 2023 and 2022**

	<u>2023</u>	<u>Restated 2022</u>	<u>Variance</u>	<u>Percent Variance</u>
<b>OPERATING REVENUES</b>				
Dockage, net	\$ 3,508,850	\$ 3,239,978	\$ 268,872	8 %
Harbor fees, anchorage and barge fleetng	4,833,750	4,934,867	(101,117)	(2) %
Wharfage	1,007,493	803,213	204,280	25 %
Foreign trade zone income	184,000	197,000	(13,000)	(7) %
Rentals	5,839,226	5,637,114	202,112	4 %
Intergovernmental income	2,645,845	-	2,645,845	100 %
Interest income – leases	3,280,840	3,823,440	(542,600)	(14) %
Sheddage and other	<u>1,095,749</u>	<u>875,192</u>	<u>220,557</u>	25 %
Total Operating Revenues	22,395,753	19,510,804	2,884,949	15 %
<b>OPERATING EXPENSES</b>				
Salaries and employee benefits	6,882,905	4,944,880	1,938,025	39 %
Depreciation	5,172,260	4,416,528	755,732	17 %
Insurance	2,476,462	1,411,192	1,065,270	75 %
Maintenance and repairs	1,622,482	1,553,861	68,621	4 %
Port planning and development	605,201	257,676	347,525	135 %
Administrative and other	<u>4,308,108</u>	<u>3,105,030</u>	<u>1,203,078</u>	39 %
Total Operating Expenses	<u>21,067,418</u>	<u>15,689,167</u>	<u>5,378,251</u>	34 %
Operating Income	1,328,335	3,821,637	(2,493,302)	(65) %
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
	<u>(509,861)</u>	<u>1,673,307</u>	<u>(2,183,168)</u>	(130) %
<b>NET INCOME BEFORE CAPITAL CONTRIBUTIONS</b>				
	818,474	5,494,944	(4,676,470)	(85) %
CAPITAL CONTRIBUTIONS	<u>4,169,901</u>	<u>16,805,838</u>	<u>(12,635,937)</u>	(75) %
CHANGE IN NET POSITION	4,988,375	22,300,782	(17,312,407)	(78) %
<b>NET POSITION, BEGINNING OF YEAR, AS RESTATED</b>				
	<u>175,881,577</u>	<u>153,580,795</u>	<u>22,300,782</u>	15 %
NET POSITION, END OF YEAR	<u>\$ 180,869,952</u>	<u>\$ 175,881,577</u>	<u>\$ 4,988,375</u>	3 %

**PORT OF SOUTH LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
*April 30, 2023*

Operating revenues increased by 15% to approximately \$22.4 million in fiscal year 2023. This is primarily due to an increase in intergovernmental income for dredging funds from the U.S. Army Corps of Engineers, and interest income related to leases.

Operating expenses increased by 34% to approximately \$21.1 million in fiscal year 2023. The increase in expenses is mainly related to the increase in salaries and employee benefits, depreciation expense, insurance expense, and administrative expense, which experienced increases of 39%, 17%, 75%, and 39%, respectively. The increase in salaries and employee benefits is mainly due to additional employees and an increase in employee pension expenses as a result of differences between projected and actual earnings of investments as compared to 2022.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### *Capital Asset Administration*

The Port's investment in capital assets approximated \$161.2 million, net of accumulated depreciation. This investment consists principally of land, buildings and docks, equipment, and vehicles. The Port currently has several ongoing construction projects.

#### *Debt Administration*

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

### **CONTACTING THE PORT'S FINANCIAL MANAGEMENT**

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

# PORT OF SOUTH LOUISIANA

## STATEMENTS OF NET POSITION

April 30, 2023 and 2022

ASSETS	<u>2023</u>	Restated <u>2022</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 25,805,147	\$ 31,050,915
Certificates of deposit	507,908	507,908
Investments	6,356,140	6,160,075
Accrued interest receivable	500	318
Accounts receivable, net of \$2,544 and \$2,544 allowance for doubtful accounts	1,643,673	1,349,409
Leases receivable, current	6,130,627	5,827,402
Prepaid expenses and other	<u>1,422</u>	<u>7,341</u>
<b>TOTAL CURRENT ASSETS</b>	40,445,417	44,903,368
<b>RESTRICTED ASSETS</b>		
Cash	893	893
Accrued interest receivable	<u>7,697</u>	<u>7,697</u>
<b>TOTAL RESTRICTED ASSETS</b>	8,590	8,590
<b>PROPERTY AND EQUIPMENT - NET</b>	161,210,527	157,239,985
<b>OTHER ASSETS</b>		
Leases receivable, long-term	99,236,827	105,367,459
Other assets	<u>1,500,654</u>	<u>654</u>
<b>TOTAL OTHER ASSETS</b>	<u>100,737,481</u>	<u>105,368,113</u>
<b>TOTAL ASSETS</b>	302,402,015	307,520,056
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Difference between expected and actual experience related to OPEB plan	33,397	51,950
Changes in assumptions related to OPEB calculation	328,829	448,975
Contributions subsequent to measurement date to the pension plan	950,079	836,723
Net difference between expected and actual experience	25,778	-
Net difference between projected and actual earnings on pension plan investments	761,357	6,040
Changes in assumptions related to pension calculation	<u>171,858</u>	<u>149,797</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>2,271,298</u>	<u>1,493,485</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 304,673,313</u>	<u>\$ 309,013,541</u>

See Notes to Financial Statements

**PORT OF SOUTH LOUISIANA**  
**STATEMENTS OF NET POSITION - Continued**  
*April 30, 2023 and 2022*

LIABILITIES	<u>2023</u>	<u>Restated 2022</u>
<b>CURRENT LIABILITIES</b>		
Payable from current assets:		
Accounts payable and other accrued expenses	\$ 1,571,192	\$ 2,820,325
Accrued salaries and vacation	454,647	450,457
Retainage payable	147,253	782,198
Unearned rent, deposits and other liabilities	<u>130,072</u>	<u>269,792</u>
<b>TOTAL CURRENT LIABILITIES PAYABLE             FROM CURRENT ASSETS</b>	<b>2,303,164</b>	<b>4,322,772</b>
Payable from restricted assets:		
Current portion of revenue bonds payable from restricted assets	780,000	755,000
Accrued interest payable	<u>22,563</u>	<u>27,747</u>
<b>TOTAL CURRENT LIABILITIES PAYABLE             FROM RESTRICTED ASSETS</b>	<b>802,563</b>	<b>782,747</b>
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,105,727</b>	<b>5,105,519</b>
<b>NONCURRENT LIABILITIES</b>		
Revenue bonds payable from restricted assets	1,836,000	2,462,000
Pension payable	9,452,399	6,115,633
OPEB payable	<u>5,467,481</u>	<u>7,931,254</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>16,755,880</b>	<b>16,508,887</b>
<b>TOTAL LIABILITIES</b>	<b>19,861,607</b>	<b>21,614,406</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Lease related deferred inflows of resources	101,406,092	109,079,150
Changes in assumptions related to OPEB calculation	1,843,197	522,744
Difference between expected and actual experience related to OPEB plan	692,465	489,475
Difference between expected and actual experience related to pension plan	<u>-</u>	<u>1,426,189</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>103,941,754</b>	<b>111,517,558</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS             OF RESOURCES</b>	<b>123,803,361</b>	<b>133,131,964</b>
<b>NET POSITION</b>		
Net investment in capital assets	158,571,964	153,995,238
Restricted	8,590	8,590
Unrestricted	<u>22,289,398</u>	<u>21,877,749</u>
<b>TOTAL NET POSITION</b>	<b>180,869,952</b>	<b>175,881,577</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF             RESOURCES, AND NET POSITION</b>	<b>\$ 304,673,313</b>	<b>\$ 309,013,541</b>

See Notes to Financial Statements

**PORT OF SOUTH LOUISIANA**  
**STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
*Years Ended April 30, 2023 and 2022*

	2023	Restated 2022
<b>OPERATING REVENUES</b>		
Dockage, net	\$ 1,881,401	\$ 1,748,870
Harbor fees, anchorage and barge fleeting income	4,833,750	4,934,867
Foreign trade zone income	184,000	197,000
Rentals	4,487,734	4,276,179
Interest income – leases	3,280,840	3,823,440
Intergovernmental revenues	2,645,845	-
Miscellaneous	522,899	395,235
Globalplex revenues:		
Dockage	1,627,449	1,491,108
Wharfage	1,007,493	803,213
Rentals	1,351,492	1,360,935
Sheddage and other	572,850	479,957
<b>TOTAL OPERATING REVENUES</b>	22,395,753	19,510,804
<b>OPERATING EXPENSES</b>		
Administration	37,226	27,000
Auditing	69,047	73,635
Bank fees	-	35
Building services	85,472	66,594
Computer software	56,668	38,980
Commission meetings	35,794	32,177
Conventions	128,467	88,609
Delivery charges	4,530	1,089
Depreciation	5,172,260	4,416,528
Dues	73,104	60,330
Employee benefits	2,691,015	1,072,318
Engineering fees	384,923	161,774
Equipment rentals	29,008	28,842
Fuel	253,140	194,631
Insurance	2,476,462	1,411,192
Legal fees	970,343	673,401
Maintenance and repairs	1,622,482	1,553,861
Management services - Globalplex	19,420	18,805
Medical expense	2,037	2,842
Mileage	3,508	2,125
Permits and license fees	4,900	20,223
Port planning and development	605,201	257,676

**PORT OF SOUTH LOUISIANA**  
**STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION - Continued**  
*Years Ended April 30, 2023 and 2022*

	<u>2023</u>	<u>Restated 2022</u>
OPERATING EXPENSES (Continued)		
Postage	330	384
Printing	11,039	3,331
Professional fees	1,053,477	751,808
Publishing	7,905	3,324
Salaries	4,189,853	3,869,720
Security	267,148	231,336
Subscriptions	1,315	7,676
Supplies	126,037	68,145
Telephone	86,536	87,200
Training	4,248	3,000
Uniforms	33,448	22,256
Utilities	<u>561,075</u>	<u>438,320</u>
 TOTAL OPERATING EXPENSES	 <u>21,067,418</u>	 <u>15,689,167</u>
 OPERATING INCOME	 1,328,335	 3,821,637
NON-OPERATING REVENUES (EXPENSES)		
Interest earned on investments	203,781	12,809
Interest expense - Globalplex	(100,662)	(121,035)
Gain on insurance recoveries, net of impairment of assets	-	7,284,225
Gain (loss) on sale or disposition of assets	201,725	(3,816,027)
Hurricane expenses	(1,277,677)	(1,516,346)
Other income	139,720	-
Insurance reimbursement – vessel impact	323,252	-
Misappropriation, net of insurance recoveries	<u>-</u>	<u>(170,319)</u>
 TOTAL NON-OPERATING REVENUES (EXPENSES)	 <u>(509,861)</u>	 <u>1,673,307</u>
NET INCOME BEFORE CAPITAL CONTRIBUTIONS	818,474	5,494,944
 Capital Contributions	 <u>4,169,901</u>	 <u>16,805,838</u>
 CHANGES IN NET POSITION	 4,988,375	 22,300,782
NET POSITION		
 BEGINNING OF YEAR, AS RESTATED	 <u>175,881,577</u>	 <u>153,580,795</u>
 END OF YEAR	 <u>\$ 180,869,952</u>	 <u>\$ 175,881,577</u>

**PORT OF SOUTH LOUISIANA**  
**STATEMENTS OF CASH FLOWS**  
*Years Ended April 30, 2023 and 2022*

	<u>2023</u>	<u>Restated 2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users, including receipts from lessors	\$ 20,255,838	\$ 18,353,592
Payments to other sources	(1,500,000)	(654)
Payments to suppliers	(10,255,466)	(5,352,077)
Payments to employees and related benefits	<u>(6,686,282)</u>	<u>(6,154,105)</u>
 <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	 1,814,090	 6,846,756
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Insurance proceeds – noncapital	-	250,000
Payments for noncapital disaster recovery expenses	<u>(1,277,677)</u>	<u>(1,516,346)</u>
 <b>NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES</b>	 (1,277,677)	 (1,266,346)
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payments on revenue bonds payable	(601,000)	(579,000)
Interest paid	(105,846)	(126,029)
Proceeds from contributed capital	4,169,901	16,805,838
Proceeds from sale of assets	201,725	-
Acquisitions of fixed assets, net of dispositions and transfers to construction in progress	(9,142,802)	(21,791,669)
Insurance proceeds – capital	323,252	11,250,000
Retainage payable	<u>(634,945)</u>	<u>(10,652)</u>
 <b>NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	 (5,789,715)	 5,548,488
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net depreciation in investments	(196,065)	(4,882)
Investment income received	<u>203,599</u>	<u>12,546</u>
 <b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	 <u>7,534</u>	 <u>7,664</u>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 (5,245,768)	 11,136,562
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	 <u>31,051,808</u>	 <u>19,915,246</u>
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	 <u>\$ 25,806,040</u>	 <u>\$ 31,051,808</u>

**PORT OF SOUTH LOUISIANA**  
**STATEMENTS OF CASH FLOWS - Continued**  
*Years Ended April 30, 2023 and 2022*

	<u>2023</u>	<u>Restated 2022</u>
Cash and cash equivalents include:		
Cash and cash equivalents	\$ 25,805,147	\$ 31,050,915
Restricted assets:		
Restricted cash	<u>893</u>	<u>893</u>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b><u>\$ 25,806,040</u></b>	<b><u>\$ 31,051,808</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating income	\$ 1,328,335	\$ 3,821,637
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	5,172,260	4,416,528
Changes in assets, deferred outflows, liabilities, and deferred inflows:		
Accounts receivable	(294,264)	958,499
Prepaid expenses and other	5,919	97,571
Lease receivable	5,827,407	(111,194,861)
Other assets	(1,500,000)	(654)
Deferred outflows of resources	(777,813)	870,517
Accounts payable	(1,249,133)	878,111
Accrued expenses	4,190	(22,562)
OPEB payable	(2,463,773)	607,648
Pension liability	3,336,766	(3,475,695)
Deferred inflows of resources	<u>(7,575,804)</u>	<u>109,890,017</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ 1,814,090</u></b>	<b><u>\$ 6,846,756</u></b>



**PORT OF SOUTH LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
*April 30, 2023 and 2022*

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

The Port prepares its financial statements in accordance with standards issued by the Governmental Accounting Standards Board (GASB). The Port is reported as a stand-alone entity as defined by GASB Statement No. 14, as amended by GASB Statement No. 61, "The Financial Reporting Entity." The Port is neither fiscally dependent on any other local government, nor does it provide specific financial benefits to or impose specific financial burdens on any other government. No other potential component units meet the criteria for inclusion in the financial statements of the Port.

***Basis of Presentation - Fund Accounting***

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

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

**PORT OF SOUTH LOUISIANA**  
*NOTES TO FINANCIAL STATEMENTS - Continued*  
*April 30, 2023 and 2022*

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

***Basis of Presentation - Fund Accounting (continued)***

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

***New Pronouncements and Change in Accounting Principle***

During the year ended April 30, 2023, the Port adopted GASB Statement No. 87 – “Leases”. The implementation of this standard caused the Port to remeasure its leases and led to the Port recognizing leases receivable and related deferred inflows of resources in the Port’s financial statements for various leases for which the Port of South Louisiana is the lessor. Net position at April 30, 2022 as previously reported was \$173,765,866. The implementation resulted in a cumulative change to ending net position for the year ended April 30, 2022 in the amount of \$2,115,711, resulting in a restated net position as of April 30, 2022 of \$175,881,577.

During the year ended April 30, 2023, the Port adopted GASB Statement No. 91 – “Conduit Debt Obligations.” The implementation of the standard did not have an effect on the Port’s financial statements and had a minimal effect of its financial statement disclosures.

***Use of Estimates***

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

***Investments and Restricted Assets***

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

***Intangible Assets***

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

**PORT OF SOUTH LOUISIANA**  
*NOTES TO FINANCIAL STATEMENTS - Continued*  
*April 30, 2023 and 2022*

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

***Property and Equipment***

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

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

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

***Long-Term Obligations***

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

***Contributed Capital and Net Position***

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

***Non-Operating Income and Expenses***

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

***Compensated Absences***

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

**PORT OF SOUTH LOUISIANA**  
 NOTES TO FINANCIAL STATEMENTS - *Continued*  
 April 30, 2023 and 2022

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

**Compensated Absences (continued)**

benefit purposes. The Port's liabilities for sick leave of \$1,739,738 and \$1,697,617 as of April 30, 2023 and 2022, respectively, have not been accrued because the employees are not entitled to it upon termination.

**Statements of Cash Flows**

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

**Reclassifications**

Certain 2022 balances have been reclassified to conform to the 2023 presentation.

NOTE 2 - CASH AND INVESTMENTS

**Cash and Cash Equivalents**

At April 30, 2023, the book balance of the Port's total cash and certificates of deposit, including unrestricted deposits totaled \$26,313,055; the bank balance totaled \$26,347,501. Of the bank balance, \$950,000 was covered by federal deposit insurance, \$25,397,501 was covered by collateral held by the bank's agent and pledged in the Port's name.

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

April 30, 2023:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Covered by federal depository insurance	\$ 500,000	\$ 450,000	\$ 950,000
Collateralized with securities held by the pledging institution's trust department or agent, in the Port's name	<u>25,339,594</u>	<u>57,907</u>	<u>25,397,501</u>
Total bank balance	<u>\$ 25,839,594</u>	<u>\$ 507,907</u>	<u>\$ 26,347,501</u>

**PORT OF SOUTH LOUISIANA**  
 NOTES TO FINANCIAL STATEMENTS - *Continued*  
 April 30, 2023 and 2022

NOTE 2 - CASH AND INVESTMENTS (Continued)

***Cash and Cash Equivalents (continued)***

April 30, 2022:

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

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

<u>Banking Institution</u>	<u>2023 Amount</u>	<u>2022 Amount</u>
1. Regions Bank	\$ 20,729,098	\$ 25,999,291
2. Edward Jones	-	3,352
3. Community Bank	200,000	200,000
4. First National Bank, USA	4,369,842	4,367,817
5. Investar Bank	<u>1,048,561</u>	<u>1,045,212</u>
Total bank balance – all deposits	<u>\$ 26,347,501</u>	<u>\$ 31,615,672</u>

***Custodial Credit Risk - Deposits***

In the case of deposits, there is a risk that in the event of a bank failure, the Port's deposits may not be returned to it. As of April 30, 2023, and 2022, \$0 and \$3,352, respectively, of the Port's bank balances of \$26,347,501 and \$31,615,672 were exposed to custodial credit risk because they were uninsured and uncollateralized.

**PORT OF SOUTH LOUISIANA**  
 NOTES TO FINANCIAL STATEMENTS - *Continued*  
 April 30, 2023 and 2022

NOTE 2 - CASH AND INVESTMENTS (Continued)

**Investments**

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

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

**Custodial Credit Risk - Investments**

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

Investments in external investment pools, mutual funds, and other pooled investments are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission. The Port did not hold any investments that were exposed to custodial credit risk (not registered in the entity's name) in 2023 or 2022.

All investments are carried at Fair Value.

	<u>2023</u>	<u>2022</u>
Unrestricted investments:		
Louisiana Asset Management Pool, Inc.	\$ 6,356,140	\$ 6,160,075
	<u>\$ 6,356,140</u>	<u>\$ 6,160,075</u>

**PORT OF SOUTH LOUISIANA**  
*NOTES TO FINANCIAL STATEMENTS - Continued*  
*April 30, 2023 and 2022*

NOTE 2 - CASH AND INVESTMENTS (Continued)

***Custodial Credit Risk - Investments (continued)***

Investments held at April 30, 2023 and 2022 include \$6,356,140 and \$6,160,075, respectively, in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP at April 30, 2023 and 2022 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

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

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

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

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

**PORT OF SOUTH LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
*April 30, 2023 and 2022*

NOTE 2 - CASH AND INVESTMENTS (Continued)

**Interest Rate Risk**

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

**Credit Risk and Concentration of Credit Risk**

The credit risk of investments is the risk that an issuer or other counterparty will not meet its obligations. This credit risk is measured by credit quality ratings as described by ratings agencies such as Standard & Poor's (S&P) and Moody's. The concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in mutual funds, or external investment pools). The Port's investment policy does not place a limit on the amount the Port may invest in any one issuer. At April 30, 2023 and 2022, the Port did not have any investment exposure to credit risk.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at April 30:

	<u>2023</u>			
	<u>05/01/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>04/30/23</u>
Land	\$ 30,136,628	\$ 408,268	\$ -	\$ 30,544,896
Building, docks and equipment	24,974,465	140,100	(354,556)	24,760,009
Globalplex buildings, docks and equipment	125,129,332	13,324,594	-	138,453,926
Airport infrastructure and equipment	14,212,000	-	-	14,212,000
Construction in progress	<u>21,318,120</u>	<u>8,237,555</u>	<u>(12,967,715)</u>	<u>16,587,960</u>
Total property and equipment	215,770,545	22,110,517	(13,322,271)	224,558,791
Less accumulated depreciation	<u>(58,530,560)</u>	<u>(5,172,260)</u>	<u>354,556</u>	<u>(63,348,264)</u>
Property and equipment, net	<u>\$157,239,985</u>	<u>\$16,938,257</u>	<u>\$ (12,967,715)</u>	<u>\$ 161,210,527</u>

Of the \$8,237,555 of 2023 construction in progress additions, \$3,781,324 was funded through the State of Louisiana Facility Planning & Control and various State Port Priority programs.



**PORT OF SOUTH LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
*April 30, 2023 and 2022*

NOTE 3 - PROPERTY AND EQUIPMENT (Continued)

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

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

**Impairment of Property and Equipment**

On August 29, 2021, Hurricane Ida made landfall and caused unprecedented devastation to Southeast Louisiana. Many Port properties sustained damage ranging from minimal damage to total loss of the structure. A majority of these properties were fully depreciated and no longer had any value on the Statement of Net Position. In accordance with GASB Codification Section 1400, the Port reviewed the properties damaged to identify potential impairments caused by Hurricane Ida and further tested for impairment. The impairment loss is calculated using the Restoration Cost Approach and is presented as a reduction in the value of capital assets on the Statement of Net Position. The loss is netted as a non-operating item on the Statement of Revenues, Expenses and Changes in Fund Net Position with insurance proceeds, which resulted in an impairment gain for 2022 in the amount of \$7,284,225. The remaining carrying value for those assets for which the gain was incurred was \$51,686,165, of which one building with a net book value of \$0 remained idle as of April 30, 2022. During April 30, 2023, the idle building was sold for a net gain of \$201,725.

NOTE 4 - LONG-TERM DEBT

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

	<u>2023</u>	<u>2022</u>
Bonded debt – revenue bonds	\$ 2,616,000	\$ 3,217,000
Less current portion	<u>(780,000)</u>	<u>(755,000)</u>
Total long-term portion	<u>\$ 1,836,000</u>	<u>\$ 2,462,000</u>

**PORT OF SOUTH LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
*April 30, 2023 and 2022*

**NOTE 4 - LONG-TERM DEBT (Continued)**

During the year ended April 30, 2012, the Port issued revenue bonds in the amount of \$8,000,000 for the purpose of financing a portion of the acquisition, construction, equipping and installation of an extension of the general cargo dock at the Globalplex facility. The bonds are payable in semi-annual installments of principal and interest of \$138,000 to \$352,986 through February 1, 2027. The interest rate on the bonds is 3.45%. As of April 30, 2023, and 2022, the remaining principal balance of the bonds was \$2,616,000 and \$3,217,000, respectively.

Debt service requirements, including interest of \$30,558, for outstanding revenue bonds payable were as follows as of April 30, 2023.

<u>April 30,</u>	<u>Revenue Bonds Payable</u>
2024	\$ 705,583
2025	705,805
2026	705,750
2027	<u>529,420</u>
	<u>\$ 2,646,558</u>

**NOTE 5 - DOCKAGE AND HARBOR FEES**

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

**NOTE 6 - CONCENTRATION**

Billings for the four largest facility operators represent 62% and 56% of total gross dockage revenues for the years ended April 30, 2023 and 2022, respectively.

**PORT OF SOUTH LOUISIANA**  
*NOTES TO FINANCIAL STATEMENTS - Continued*  
*April 30, 2023 and 2022*

NOTE 7 - RETIREMENT PLAN

***General Information about the Pension Plan***

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

Benefits Provided – The age and years of creditable service required in order for a member to retire with full benefits are established by statute and may vary depending on the member’s hire date, employer, and job classification. The rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service, at age 55 upon completing 25 years of creditable service and at age 60 upon completing ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service.

The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. Average compensation is defined as the member’s average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member’s average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member’s age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age. As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

**PORT OF SOUTH LOUISIANA**  
NOTES TO FINANCIAL STATEMENTS - Continued  
April 30, 2023 and 2022

NOTE 7 - RETIREMENT PLAN (Continued)

**General Information about the Pension Plan: (continued)**

Contributions – Contribution rates are established annually under LRS 11:101 – 11:104 by the Public Retirement Systems’ Actuarial Committee (PRSAC), taking into consideration the recommendation of LASER’s actuary. Rates are different for each class of members; however, the Port’s contractually required contribution rate for the year ended April 30, 2023 was 39.5%. Employees are required to contribute 7.5% of their annual pay if they were hired before July 1, 2006 and 8.0% if they were hired after July 1, 2006. Contributions to LASERS from the Port were \$1,140,095, \$836,723, and \$998,319 for the years ended April 30, 2023, 2022 and 2021, respectively.

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

At April 30, 2023, the Port reported a liability of \$9,452,399 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Port’s proportion of the net pension liability was based on a projection of the Port’s April 30, 2023 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Port’s proportion was 0.12504%, which was an increase of 0.01393% from its proportion measured as of June 30, 2021.

For the year ended April 30, 2023, the Port recognized pension expense of \$1,944,144. At April 30, 2023, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 25,778	\$ -
Net difference between projected and actual earnings on pension plan investments	761,357	-
Changes in assumptions	171,858	-
Contributions subsequent to the measurement date	950,079	-
	<u>\$ 1,909,072</u>	<u>\$ -</u>

At April 30, 2023, the Port reported \$950,079 as deferred outflows of resources related to pensions resulting from the Port’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended April 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**PORT OF SOUTH LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
*April 30, 2023 and 2022*

NOTE 7 - RETIREMENT PLAN (Continued)

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

<b>Year Ended:</b>	
April 30, 2024	\$ 472,266
April 30, 2025	157,317
April 30, 2026	(192,525)
April 30, 2027	521,935

***Actuarial Assumptions***

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.3%		
Salary Increases	<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>
	Regular	3.0%	12.8%
	Judges	2.6%	5.1%
	Corrections	3.6%	13.8%
	Hazardous Duty	3.6%	13.8%
	Wildlife	3.6%	13.8%
Investment Rate of Return	7.25%, Net of Investment Expense		

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

The actuarial assumptions related to salary increases used in the June 30, 2022 valuation was based on an experience study performed in 2018, which was based on the experience of LASERS for the period July 1, 2014 through June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing / diversification. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2022 are summarized in the following table:

**PORT OF SOUTH LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
*April 30, 2023 and 2022*

NOTE 7 - RETIREMENT PLAN (Continued)

**Actuarial Assumptions (continued)**

<u>ASSET CLASS</u>	<u>Expected Long-Term Real Rate of Return</u>
Cash	0.39%
Domestic Equity	4.57%
International Equity	5.76%
Domestic Fixed Income	1.48%
International Fixed Income	5.04%
Alternative Investments	<u>8.30%</u>
Total	<u>5.91%</u>
Inflation	2.30%
Expected Arithmetic Nominal Return	8.34%

Discount Rate – The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by the PRSAC taking into consideration the recommendation of LASERS's actuary. Based on those assumptions, LASERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Port's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Port's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Port's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.25%) or one percentage-point higher (8.25%) than the current rate:

	<u>1.0% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1.0% Increase (8.25%)</u>
Port's Proportionate Share of the Net Pension Liability	\$ 11,893,876	\$ 9,452,399	\$ 7,226,126

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

Payables to the Pension Plan – As of April 30, 2023, the Port did not have any payables due to LASERS.

**PORT OF SOUTH LOUISIANA**  
*NOTES TO FINANCIAL STATEMENTS - Continued*  
*April 30, 2023 and 2022*

**NOTE 8 - CONTINGENCIES AND UNCERTAINTIES**

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

**NOTE 9 - CONDUIT DEBT**

From time to time, the Port has issued Industrial Revenue Bonds to provide assistance for private-sector entities for Port-related projects that are deemed to be in the public interest. The Port is not obligated for repayment of the bonds, and has no other obligations related to these bonds. Accordingly, the bonds are not reported in the accompanying financial statements.

In 1997, the Port issued port facility revenue bonds, due January 1, 2027, for the purpose of financing the cost of acquiring, constructing and installing a project, consisting of certain dock, wharf and related storage facilities, in the amount of \$22,000,000 on behalf of Holcim, Inc. (the Company). The Company is responsible for the payment of these bonds which are secured by an irrevocable letter of credit. The principal balance on the bonds at April 30, 2023 was \$3,190,355.

In 2008, the Port issued port facility revenue bonds, due December 1, 2038, for the purpose of financing the cost of design, development, acquisition, construction, installation and equipping of a portion of docks and wharves and related facilities, in the amount of \$40,000,000 on behalf of Plains All American Pipeline, L.P. (the Company). The Company is responsible for the payment of these bonds which are secured by the holder and owner through the Indenture. The principal balance on the bonds at April 30, 2023 was \$40,000,000.

**NOTE 10 - POST-EMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS**

***Plan Description***

The Port provides post-employment health care and life insurance benefits for substantially all employees if they reach normal retirement age while working for the Port. The Port's employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan (for fiscal year 2023) that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The State administers the Plan through the Office of Group Benefits (OGB). LRS 42:801- 883 assigns the authority to establish and amend benefit provisions of the Plan.

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

**PORT OF SOUTH LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
*April 30, 2023 and 2022*

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

***Funding Policy***

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

***Employees Covered by Benefit Terms***

At July 1, 2022, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefit payments	23
Active plan members	52
	75

***Total OPEB Liability***

The Port's total OPEB liability of \$5,467,481 was measured as of July 1, 2022 and was determined by an actuarial valuation as of that date.

***Actuarial Assumptions and Other Inputs***

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Salary increases	Consistent with the pension valuation assumptions
Discount rate	2.18%, based on the June 30, 2022 S&P 20-year municipal bond rate index
Healthcare cost trend rates	Post-Medicare: 5.50% for 2021-2023, thereafter decreasing .1% per year through 2032, to an ultimate rate of 4.5% for 2033 and later years Pre-Medicare: 7.00% for 2021-2023, grading down by .25% each year to an ultimate rate of 4.5% in 2033
Retiree's share of benefit-related costs	Baseline per capital costs (PCCs) were updated to reflect 2020 claims and enrollment and retiree contributions were updated based on 2022 premiums.
Actual cost method	Entry Age Normal, level percentage of pay
Estimated remaining service lives	4.50



**PORT OF SOUTH LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
*April 30, 2023 and 2022*

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

**Actuarial Assumptions and Other Inputs (continued)**

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

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

**Changes in the Total OPEB Liability**

Balance at April 30, 2022	\$	7,931,254
Changes for the year:		
Service cost		209,811
Interest		175,990
Differences between expected and actual experience		(618,585)
Changes in assumptions and other inputs		(2,094,035)
Benefit payments		(136,954)
Net changes		<u>(2,463,773)</u>
 Balance at April 30, 2023	 \$	 <u>5,467,481</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.66% in 2021, the prior valuation, to 2.18% in 2022, the current valuation.

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

The following presents the total OPEB liability of the Port, as well as what the Port's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.18%) or 1-percentage-point higher (3.18%) than the current discount rate:

	<b>1.0% Decrease (1.18%)</b>	<b>Current Discount Rate (2.18%)</b>	<b>1.0% Increase (3.18%)</b>
Total OPEB liability	<u>\$6,283,876</u>	<u>\$5,467,481</u>	<u>\$4,805,054</u>

**PORT OF SOUTH LOUISIANA**  
NOTES TO FINANCIAL STATEMENTS - Continued  
April 30, 2023 and 2022

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

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

The following presents the total OPEB liability of the Port, as well as what the Port's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.0% decreasing to 3.5%) or 1-percentage-point higher (8.0% decreasing to 5.5%) than the current healthcare cost trend rates:

	<b>1.0% Decrease (6.0% decreasing to 3.5%)</b>	<b>Healthcare Cost Trend Rates (7.0% decreasing to 4.5%)</b>	<b>1.0% Increase (8.0% decreasing to 5.5%)</b>
Total OPEB liability	\$4,800,787	\$5,467,481	\$6,295,372

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

For the year ended April 30, 2023, the Port recognized an OPEB benefit of \$801,631. At April 30, 2023, the Port reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,397	\$ 692,465
Changes in assumptions and other inputs	328,829	1,843,197
Total	\$ 362,226	\$ 2,535,662

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

<b>Years Ending:</b>	
April 30, 2024	\$ (733,870)
April 30, 2025	(476,506)
April 30, 2026	(510,957)
April 30, 2027	(452,103)

**PORT OF SOUTH LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
*April 30, 2023 and 2022*

**NOTE 11 – LEASES**

The Port is a lessor for noncancelable leases for various land, docks and buildings at the Port of South Louisiana. The initial terms of these leases vary from 3 to 60 years with payments being made either monthly or annually. The Port recognizes a lease receivable and a deferred inflow of resources in the financial statements for these leases. The Port is also a lessor for various leases that are considered short-term in nature, and are not recorded as receivables under GASB 87.

At the commencement of a lease, the Port initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured at the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized in revenue over the life of the lease term.

Key estimates and judgments include how the Port determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- (1) The Port uses its estimated incremental borrowing rate as the discount rate for leases.
- (2) The lease term includes the noncancelable period of the lease.
- (3) Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee, as well as known variable payments.

The Port monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Total revenues received from leasing activities, including variable payments and payments not previously included in the lease receivable were \$9,480,790 and \$9,380,786 for the years ended April 30, 2023 and 2022, respectively.

Future payments included in the measurement of the lease receivable as of April 30, 2023 for each of the next five fiscal years and thereafter are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 6,130,627	\$ 3,450,158	\$ 9,580,785
2025	6,268,266	3,383,555	9,651,821
2026	6,688,755	3,162,828	9,851,583
2027	5,633,518	2,968,590	8,602,108
2028	5,930,047	2,772,061	8,702,108
Thereafter	<u>74,716,241</u>	<u>19,926,276</u>	<u>94,642,517</u>
Total	<u>\$105,367,454</u>	<u>\$35,663,468</u>	<u>\$141,030,922</u>

**PORT OF SOUTH LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
*April 30, 2023 and 2022*

**NOTE 12 - ST. JOHN THE BAPTIST PARISH AIRPORT**

The Port has all rights and title to the St. John the Baptist Parish Airport. For the years ended April 30, 2023 and 2022, the Port incurred losses related to the operations of the Airport in the amount of \$607,073 and \$391,850, respectively. The Port received capital contributions by the State of Louisiana and grant funding from the Federal Aviation Administration totaling \$7,184 and \$127,120 for the years ended April 30, 2023 and 2022, respectively.

**NOTE 13 - COMMISSIONERS COMPENSATION**

In accordance with R.S. 34:2472 (D), the commissioners of the Port of South Louisiana receive per diem payments for attendance at officially called meetings or any subcommittee meetings of the board of commissioners. For the year ended April 30, 2023, the following per diem payments were made to the commissioners:

Commissioner:	Per Diem Payments
D. Paul Robichaux	\$ 2,884
Louis Joseph	3,425
Judy B. Songy	3,785
Katie Klibert	3,064
P. Joey Murray, III	2,704
Robbie LeBlanc	3,425
Ryan Burks	3,244
Stanley Bazile	3,425
Whitney Hickerson	3,905
	\$ 29,861

**NOTE 14 - COMMITMENTS**

During the year ended April 30, 2023, the Port paid a deposit of \$1,500,000 for the purchase of a shipyard. This is recorded as an other asset on the statement of net position. The negotiations related to this purchase are ongoing. In the event the Port terminates this purchase agreement, the Port will be liable for reimbursing seller costs and expenses directly related to the transaction, in an amount not to exceed \$500,000. The Port enters into various contracts in the normal course of its operations. No other material commitments existed at April 30, 2023.

**NOTE 15 - SUBSEQUENT EVENTS**

The Port has evaluated subsequent events through the date the financial statements were available to be issued, which corresponds with the date of the independent auditors' report. Subsequent to year end, the Port was awarded a Port Infrastructure Development Program grant in the amount of approximately \$11.7 million from the U.S. Department of Transportation Maritime Administration. This grant will help fund the Globalplex Multi-Modal Connections project. No other material subsequent events have occurred since April 30, 2023 that require recognition or disclosure in these financial statements.

## PORT OF SOUTH LOUISIANA

### SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY For the Years Ended April 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015

Fiscal Year	Employer's Proportion Share of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered Employee Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
04/30/23	0.125040%	\$ 9,452,399	\$ 3,579,389	264.1%	63.7%
04/30/22	0.111110%	\$ 6,115,633	\$ 3,410,608	179.3%	72.8%
04/30/21	0.115970%	\$ 9,591,328	\$ 3,849,639	249.1%	58.0%
04/30/20	0.126700%	\$ 9,179,378	\$ 3,796,589	241.8%	62.9%
04/30/19	0.149450%	\$ 10,192,040	\$ 3,838,283	265.5%	64.3%
04/30/18	0.153300%	\$ 10,790,808	\$ 3,121,510	345.7%	62.5%
04/30/17	0.155810%	\$ 12,234,904	\$ 2,944,000	415.6%	57.7%
04/30/16	0.141350%	\$ 9,613,662	\$ 3,024,970	317.8%	62.7%
04/30/15	0.141410%	\$ 8,842,276	\$ 3,088,800	286.3%	65.0%

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

**PORT OF SOUTH LOUISIANA**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND**  
**RELATED RATIOS AND NOTES TO THE SCHEDULE**  
*For the Years Ended April 30, 2019 through 2023*

	2019	2020	2021	2022	2023
Total OPEB Liability					
Service cost	\$ 304,612	\$ 291,855	\$ 215,699	\$ 213,973	\$ 209,811
Interest	284,814	247,726	197,164	198,780	175,990
Differences between expected and actual experience	(872,453)	(463,030)	89,058	(215,280)	(618,585)
Changes in assumptions and other inputs	(329,991)	(1,112,514)	36,390	540,313	(2,094,035)
Benefit payments	(183,814)	(137,283)	(130,707)	(130,138)	(136,954)
Net change in total OPEB liability	(796,832)	(1,173,246)	407,604	607,648	(2,463,773)
Total OPEB liability – beginning	8,886,080	8,089,248	6,916,002	7,323,606	7,931,254
Total OPEB liability – ending	\$ 8,089,248	\$ 6,916,002	\$ 7,323,606	\$ 7,931,254	\$ 5,467,481
Covered-employee payroll	\$ 3,838,283	\$ 3,796,589	\$ 3,849,639	\$ 3,410,608	\$ 3,579,389
Net OPEB liability as a percentage of covered-employee payroll	210.8%	182.2%	190.2%	232.5%	152.75%

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

The actuarial valuation date differs from the financial reporting date. The actuarial valuations are as of July 1, 2022. An actuarial valuation is only required biennially.

Notes to Schedule:

Changes of assumption and other inputs reflect a change in the discount rate from 2.98% in 2018 to 2.79% in 2019 and to 2.66% in 2020 and 2021, and 2.18% in 2022.

**PORT OF SOUTH LOUISIANA**  
**SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS**  
*For the Years Ended April 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015*

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution (Deficiency) Excess	Employer's Covered-Employee Payroll	Contribution as a Percentage of Covered-Employee Payroll
04/30/23	\$ 1431,756	\$ 1,140,095	\$ (291,661)	\$ 3,579,389	31.85%
04/30/22	\$ 1,367,654	\$ 836,723	\$ (530,931)	\$ 3,410,608	24.53%
04/30/21	\$ 1,566,803	\$ 998,319	\$ (568,484)	\$ 3,849,639	25.93%
04/30/20	\$ 1,438,907	\$ 1,020,485	\$ (418,422)	\$ 3,796,589	26.88%
04/30/19	\$ 1,454,709	\$ 1,039,840	\$ (414,869)	\$ 3,838,283	27.09%
04/30/18	\$ 1,035,697	\$ 1,062,841	\$ 27,144	\$ 3,121,510	34.05%
04/30/17	\$ 1,053,952	\$ 1,066,651	\$ 12,699	\$ 2,944,000	36.23%
04/30/16	\$ 1,125,289	\$ 1,025,886	\$ (99,403)	\$ 3,024,970	33.91%
04/30/15	\$ 1,142,856	\$ 950,312	\$ (192,544)	\$ 3,088,800	30.77%

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

***OTHER SUPPLEMENTARY INFORMATION***



**PORT OF SOUTH LOUISIANA**  
**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD**  
*For the Year Ended April 30, 2023*

Agency Head: Paul Matthews, Executive Director

Salary	\$ 224,994
Car allowance	12,000
Benefits – insurance	23,454
Cell phone	659
Lodging	11,122
Airfare	23,948
Parking	329
Transportation	3,191
Meal allowance	2,887
Registration / meeting fees	<u>6,627</u>
Total	<u>\$ 309,211</u>

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

To the Board of Commissioners  
Port of South Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Port of South Louisiana (the Port), as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements, and have issued our report thereon dated October 18, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Port's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questions costs as item 2023-001.

## **Port of South Louisiana's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Port's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Port's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Kushner LaGraize, L.L.C.*

Metairie, Louisiana  
October 18, 2023

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

To the Board of Commissioners  
Port of South Louisiana

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Port of South Louisiana's (the Port) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Port's major federal programs for the year ended April 30, 2023. The Port's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Port complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2023.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Port and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Port's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Port's federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Port's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Port's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Port's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Port's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Port's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Kushner LaGraize, L.L.C.*

Metairie, Louisiana  
October 18, 2023

**PORT OF SOUTH LOUISIANA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*For the Year Ended April 30, 2023*

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Assistance Listing Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
United States Department of Homeland Security			
Passed through the Lower Mississippi River Port Wide Strategic Security Council:			
FY 2017 Port Security Grant Program	97.056	EMW-2017-PU-00018	\$ 72,537
FY 2019 Port Security Grant Program	97.056	EMW-2019-PU-00026	<u>308,855</u>
			381,392
Passed through the Federal Emergency Management Agency			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-LA-4611-PW-01421(0)	368,033
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-LA-4611-PW-00376 (316)	88,350
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-LA-4611-PW-01186 (1261)	<u>10,412</u>
			<u>466,795</u>
Total Expenditures of Federal Awards			<u>\$ 848,187</u>

**PORT OF SOUTH LOUISIANA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*For the Year Ended April 30, 2023*

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

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

**NOTE 2 – DE MINIMIS COST RATE**

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

**NOTE 3 – PRIOR YEAR FEMA EXPENDITURES**

Of the \$848,187 reported on 2023 Schedule of Expenditures of Federal Awards, the entire amount under Assistance Listing number 97.036 (\$466,795) was incurred during the year ended April 30, 2022.



**PORT OF SOUTH LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended April 30, 2023*

I. SUMMARY OF AUDITORS' RESULTS

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

- a. Significant deficiencies in internal control were disclosed by the audit of the financial statements: none reported; Material weaknesses: none.
- b. Noncompliance which is material to the financial statements: yes.
- c. Significant deficiencies in internal control over major program: none reported; Material weaknesses: none.
- d. The type of report issued on compliance for major program: unmodified.
- e. Any audit findings which are required to be reported under the Uniform Guidance: none.
- f. Identification of major program:

Name of Federal Program or Cluster

Assistance Listing Number

Federal Emergency Management Agency,  
Disaster Grants - Public Assistance  
(Presidentially Declared Disasters)

97.036

- g. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
- h. Auditee qualified as a low-risk auditee under the Uniform Guidance: no.

**PORT OF SOUTH LOUISIANA**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued*  
*For the Year Ended April 30, 2023*

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

2023-001

Criteria:

Management is responsible for complying with the requirements of the Louisiana Public Bid Law, LSA-R.S. 38:2212.

Condition:

During audit procedures, we noted the Board of Commissioners declared an emergency related to the repair and replacement of a roof on their property. Per LSA-R.S. 38:2212, a notice must be given to the public, by publishing in the official journal, within 10 days of declaring a public emergency. The client was unable to provide evidence that a notice was published as required.

Cause:

Due to the challenges presented by the declaration of the emergency, the requirement for notifying the public within 10 days was overlooked.

Effect:

The Port may not be in compliance with LSA-R.S. 38:2212.

Recommendation:

We recommend that management implement safeguards, such as a checklist for emergency declarations, that identifies all procedures and steps required by the law to ensure this does not occur again.

Management's Response:

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

3. FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS: none noted.

**PORT OF SOUTH LOUISIANA**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
*For the Year Ended April 30, 2023*

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

2022-001 – Cyber Security – Resolved.

SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None

October 23, 2023

**CORRECTIVE ACTION PLAN  
FINANCIAL STATEMENT – COMPLIANCE MATTER  
April 30, 2023**

**Louisiana State Legislative Auditor**

Port of South Louisiana respectfully submits to you the following corrective action plan for the Financial Statement – Compliance Matter – for the year ended April 30 2023.

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

Audit Period: May 1, 2022 – April 30, 2023

**FINANCIAL STATEMENT – COMPLIANCE MATTER**

**Condition:**

During audit procedures, we noted the Board of Commissioners declared an emergency related to the repair and replacement of a roof on their property. Per LSA-R.S. 38:2212, a notice must be given to the public, by publishing in the official journal, within 10 days of declaring a public emergency. The client was unable to provide evidence that a notice was published as required.

**Recommendation:**

We recommend that management implement safeguards, such as a checklist for emergency declarations, that identifies all procedures and steps required by the law to ensure this does not occur again.

**Management's Response:**

The Port concurs with the recommendation suggested by our auditors. The Port will implement a review process which includes a checklist for public emergency declarations that lists all procedures and steps required by LSA-R.S. 38:2212.

**A BETTER WAY TO CARGO**

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To Mr. Paul Matthews and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period May 1, 2022 through April 30, 2023. The Port of South Louisiana's management is responsible for those C/C areas identified in the SAUPs.

The Port of South Louisiana (the Port) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period May 1, 2022 through April 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

**Written Policies and Procedures**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

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

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

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

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

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

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

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

### **Board or Finance Committee**

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

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

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

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

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

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

- d) Observe whether the board/finance committee received written updates of the progress of resolving audit findings, according to management's corrective action plan at each meeting until the findings are considered fully resolved.

*Observed that the minutes referenced the progress of resolving audit findings, without exception.*

### **Bank Reconciliations**

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

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

*Bank reconciliations included evidence that they were prepared within 2 months of the statement closing date, without exception.*

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

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



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

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

#### **Collections (excluding electronic funds transfers)**

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

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

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

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

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

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

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

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

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

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

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

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

*Observed insurance policy covering all applicable employees, without exception.*

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

- a) Observe that receipts are sequentially pre-numbered.

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

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

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

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

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

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

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

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

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

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

---

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

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

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

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

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

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

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

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

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

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

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

- e) Only employees/officials authorized to sign checks approve the electronic disbursement of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

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

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

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

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

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

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

- 11. Using the entity's main operating account and the month selected in the "Bank Reconciliations" procedure 3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy

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

### **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

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

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

- 13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

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

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

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

- 14. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1)

an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

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

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

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

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

*We reviewed the travel reimbursements selected noting that amount was slightly higher than the State of LA / GSA approved rates; however, all amounts were in accordance with approved reimbursement rates established by the Port, without exception. We do not consider this an exception.*

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

*All amounts reimbursing actual costs were supported with original itemized receipts, except for items not required per the Port's policy. We do not consider this an exception.*

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

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

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

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

## **Contracts**

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

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

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

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

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

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

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

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

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

## **Payroll and Personnel**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Ethics**

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

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

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

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

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

- c. Inquire whether the agency has appointed an ethics designee as required by R.S. 42:1170.

*Observed that the agency has appointed an ethics designee, without exception.*

## **Debt Service**

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

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

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

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



## **Fraud Notice**

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

*N/A- Per discussion with Management, there were no misappropriations of public funds and assets during the fiscal year.*

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

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

## **Information Technology Disaster Recovery/Business Continuity**

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

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred (a) within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

*We performed the procedures and discussed the results with management, without exception.*

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

*We performed the procedures and discussed the results with management, without exception.*

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

*We performed the procedures and discussed the results with management, without exception.*

- d) Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure 19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

*Observed that all terminated employees were removed and disabled from the network, without exception.*

### **Sexual Harassment**

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

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

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

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

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

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

*Obtained and examined the Port's annual sexual harassment report for the period noting all the information listed above is included, without exception, and the report was dated on or before February 1, 2023.*

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

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

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

*Kushner LaGraize, L.L.C.*

Metairie, Louisiana  
October 18, 2023