

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT**

FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2013

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MANAGEMENT'S DISCUSSION AND ANALYSIS

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013
Unaudited**

This section of Plaquemines Port Harbor & Terminal District's (the "District") annual financial report presents the District's financial performance during the fiscal year that ended on December 31, 2013. This should be read in conjunction with the financial statements and the accompanying notes to those financial statements in this report.

Financial Highlights

- The District's assets exceeded its liabilities and deferred inflows (net position) by \$12,736,663 as of December 31, 2013.
- The District's net position decreased by \$200,576 for the year ended December 31, 2013.
- The District's total assets increased by \$10,510,257 or approximately 40.7%, primarily due to the purchase of land. Consequently, the District's total liabilities increased \$10,143,556 or 81.0% due to the bond payable associated to the purchase of the land.
- During the year, the District's total operating revenue increased \$301,480 or 6.6%, to \$4,853,061 from the prior year while operating expenses increased \$469,678, or 10.5% to \$4,928,092. The District had a loss from operations of \$75,031, which is approximately 1.5% of total operating revenue. This compares to the prior fiscal year's income from operations of \$93,167, or 2.0% of operating revenue.
- During the fiscal year, the District recognized the disposal of the Edna Lafrance building which at cost of \$518,924 was damaged due to Hurricane Isaac in the prior year.

Overview of the Required Financial Statements

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

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

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

**PLAQUEMINES PORT, HARBOR
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Overview of the Required Financial Statements (Continued)

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

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

Financial Analysis of the District

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

Net Position

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

- Total assets increased by \$10,510,257, total liabilities increased by \$10,143,556, and total deferred inflows of resources increased by \$567,277.
- The increase in assets and liabilities is attributed to the purchase of the land and the associated bond payable.
- The increase of the deferred inflows of resources is due to unearned grant revenue.

**PLAQUEMINES PORT, HARBOR
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Financial Analysis of the District (continued)

**Table 1
Condensed Statements of Net Position
As of December 31**

	<u>2013</u>	<u>2012</u> <u>(Restated)</u>
Assets		
Total current assets	\$ 8,882,778	\$ 7,365,962
Capital assets - net	16,600,020	7,954,665
Other non current assets	348,086	-
Total assets	25,830,884	15,320,627
Liabilities		
Current liabilities	2,009,129	1,576,379
Non-current liabilities	10,517,845	807,039
Total liabilities	12,526,974	2,383,418
Deferred Inflows of Resources		
Unearned grant revenue	567,277	-
Net Position		
Invested in capital assets, net of related debt	7,100,020	7,945,810
Restricted for debt service	293,056	-
Unrestricted	5,343,557	4,991,399
Total Net Position	\$ 12,736,633	\$ 12,937,209

Summary of Revenue and Expenses

During the year, the District's net position decreased by \$200,576. The elements of the decrease can be seen in Table 2.

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013
Unaudited**

Financial Analysis of the District (continued)

**Table 2
Condensed Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31**

	2013	2012 Restated
Operating Revenue		
Charges for services, net of allowances	\$ 4,853,061	\$ 4,551,581
Total operating revenue	4,853,061	4,551,581
Operating Expenses		
Salaries and related expenses	2,718,067	2,249,327
Supplies, contract services, materials and other	1,716,397	1,658,804
Depreciation & amortization	493,628	550,283
Total operating expenses	4,928,092	4,458,414
Operating income (loss)	(75,031)	93,167
Nonoperating Revenue (Expense)		
Grant revenue	211,451	995,797
Interest and investment income	486	49,181
Rent income	175,692	175,692
Other income	6,558	19,761
Gain (Loss) on disposal of assets	(518,924)	(10,723)
Interest expense	(808)	(803)
Total Nonoperating Revenue (Expense):	(125,545)	1,228,905
Capital contributions	-	57,343
Change in net position	(200,576)	1,379,415
Total net position - beginning of year	12,937,209	11,557,794
Total net position - end of year	\$ 12,736,633	\$ 12,937,209

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013
Unaudited**

Financial Analysis of the District (continued)

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

- Operating revenue increased by \$301,480 or 6.6% due to a increase in the tariff charged.
- The increase in operating expenses is due primarily to the increase in salaries and related expenses of \$468,740.
- The decrease in non operating revenue is due to:
 - A decrease in federal and state grant revenue of \$784,346.
 - A increase in the the loss on disposal of assets of \$508,201 which is attributed to the demolishing of the Enda Lafrance building.

Source of Revenue

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

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

**PLAQUEMINES PORT, HARBOR
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December 31, 2013
Unaudited**

Capital Assets

During the year, the District had a net investment increase of \$8,645,355 in net capital assets see table below. This amount represents a net increase of 109% over last year.

In the fiscal year 2013, the District spent \$9,564,557 for the purchase of 548 acre tract of land. The District also disposed of the Edna Lafrance building generating a net decrease of \$518,923.

	December 31, 2012 (Restated)	Additions	Deletions	December 31, 2013
Capital assets, not depreciated				
Land	\$ -	\$9,564,557	\$ -	\$ 9,564,557
Construction in progress	-	-	-	-
Total	-	9,564,557	-	9,564,557
Capital assets, being depreciated				
Buildings	5,470,677	-	(583,622)	4,887,055
Improvements other than buildings	474,270	-	-	474,270
Machinery and Equipment	6,444,791	87,910	-	6,532,701
Less Accumulated Depreciation	(4,435,073)	(488,189)	64,699	(4,858,563)
Total	7,954,665	(400,279)	(518,923)	7,035,463
Capital Assets, net	\$ 7,954,665	\$9,164,278	\$ (518,923)	\$ 16,600,020

Debt Administration

At year end, the District had \$9,500,000 in bond indebtedness outstanding versus having no bond indebtedness in the prior year. New debt resulted from issuing a revenue bond for the purchase of land.

Economic Factors and Next Year's Budget and Rates

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

- Millage—the District adopted a 3 mill ad valorem tax on all properties located in the District, dedicated to the retirement of debt, specifically the purchase of a 548 acre port development site. It is anticipated that the millage will generate \$3,050,000 per year and will terminate after 5 years, or upon the retirement of the debt.
- Security Fees—the District increased Security Fees assessed to vessels and cargos using the District in the amount of 6.51%, as per the vote of the membership of the Gulf Seaports Marine Terminal Conference, of which Plaquemines Port, Harbor & Terminal District is a member port.

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013
Unaudited**

Economic Factors and Next Year's Budget and Rates (continued)

- Harbor & Supplemental Harbor Fees—the District increased Harbor and Supplemental Harbor Fees to vessels and cargos using the District in the amount of 13.5%. In comparison to other Port Jurisdictions located along the Lower Mississippi River an increase was necessitated in order to properly align the Port's fees with market conditions.
- Grants—the District is to receive \$7,840,905 in Federal and State Grants for the enhancement of Port Security to acquire equipment and for upgrades to the following projects:
 - Mobile Communications Center
 - Two (2) 50' fire boats to replace the "Authority I" and "Authority II" which are 30 years of age.
 - Engine replacements and modifications to the 90' fire boat "Authority III".
 - Security System upgrades and enhancements to the existing Command Bridge System used in Port Security.
 - Equipping and establishing Port Surveillance sites throughout the Port's Jurisdiction to enhance Port Security and response times to emergencies.
 - Equipping an existing Mobile Communications Tower with equipment to supplement existing towers and surveillance sites.
- Port Development—the Port's Management is actively working with several potential clients for the development of the Port Site in the area of bulk cargos and possible Liquid Natural Gas liquefaction and export facilities.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances. If you have questions about this report or need additional financial information, contact Chambrel Riley, Comptroller, 9063 Highway 23, Belle Chasse, LA 70037.

INDEPENDENT AUDITOR'S REPORT

Camnetar & Co., CPAs

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Plaquemines Port, Harbor & Terminal District as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the Plaquemines Port, Harbor & Terminal District as of December 31, 2013, and the respective changes in financial position, and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i-vii be presented to supplement the basic financial statements. Such information, although not a part of the 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, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2014, on our consideration of the Plaquemines Port, Harbor & Terminal District internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matter. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Plaquemines Port, Harbor & Terminal District's internal control over financial reporting and compliance.

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, Louisiana
June 30, 2014

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT
Statement of Net Position
For The Year Ended December 31, 2013**

ASSETS

Current Assets	
Cash	\$ 6,474,143
Investments	826,214
Restricted investments - debt service	293,056
Accounts receivable, net of allowance for uncollectibles of \$165,695	1,046,681
Grant receivable	109,674
Prepaid expenses	<u>133,010</u>
Total Current Assets	8,882,778
Non Current Assets	
Capital assets, net of accumulated depreciation of \$4,858,564	16,600,020
Bond acquisition costs, net of accumulated amortization of \$5,439	<u>348,086</u>
Total Non Current Assets	<u>16,948,106</u>
TOTAL ASSETS	<u><u>25,830,884</u></u>

LIABILITIES

Current Liabilities	
Accounts payable	313,093
Accrued expenses	99,244
Compensated absences	114,683
Due to other governments	1,479,903
Capital leases - current	<u>2,206</u>
Total Current Liabilities	2,009,129
Non current liabilities	
Capital leases - non current	4,886
Other post employment benefits payable	1,012,959
Bond payable	<u>9,500,000</u>
Total Non Current Liabilities	<u>10,517,845</u>
TOTAL LIABILITIES	<u><u>12,526,974</u></u>

DEFERRED INFLOWS OF RESOURCES

Unearned grant revenue	<u>567,277</u>
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NET POSITION

Invested in capital assets, net of related debt	7,100,020
Restricted for debt service	293,056
Unrestricted	<u>5,343,557</u>
TOTAL NET POSITION	<u><u>\$ 12,736,633</u></u>

The accompanying notes are an integral part of these statements.

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT**
Statement of Revenues, Expenses, and Change in Net Position
For The Year Ended December 31, 2013

OPERATING REVENUES

Charges for services, net of allowances for uncollectibles of \$30,129	\$ 4,853,061
TOTAL OPERATING REVENUES	4,853,061

OPERATING EXPENSES

Advertising	17,153
Amortization	5,439
Depreciation	488,189
Dues and subscriptions	17,941
Fuel	188,063
Insurance	321,897
Legal fees	76,168
Materials and supplies	131,576
Other office charges and supplies	54,555
Professional service fees	581,233
Rentals and leases	105,877
Repairs and maintenance	159,183
Salaries and related expenses	2,718,067
Travel	27,046
Utilities and communications	35,705
TOTAL OPERATING EXPENSES	4,928,092

OPERATING INCOME (LOSS)	(75,031)
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NON-OPERATING REVENUE (EXPENSES)

Grant revenue	211,451
Interest income	486
Rent income	175,692
Other revenue	6,558
Gain (Loss) on disposal of assets	(518,924)
Interest expense	(808)
TOTAL NON-OPERATING REVENUE (EXPENSES)	(125,545)

CHANGE IN NET POSITION	(200,576)
Total net position, beginning of year, restated	12,937,209
Total net position, end of year	\$ 12,736,633

The accompanying notes are an integral part of these statements.

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT
Statement of Cash Flows
For The Year Ended December 31, 2013**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	5,144,952
Cash payments to employees for employee related costs	(2,493,159)
Cash payment to suppliers for operating expenses	<u>(1,202,227)</u>
Net cash provided (used) from operating activities	<u>1,449,566</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Grant income	928,596
Rent income	175,692
Miscellaneous	<u>6,558</u>
Net cash provided from non-capital financing activities	<u>1,110,846</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Proceeds for capital debt	9,500,000
Debt acquisition costs	(353,525)
Purchase of capital assets	(9,652,467)
Principal paid on capital leases	(1,999)
Interest paid on capital leases	<u>(808)</u>
Net cash provided (used) from capital and related financing activities	<u>(508,799)</u>

CASH FLOWS PROVIDED BY INVESTING ACTIVITIES

Interest income received	486
Purchase of investments	<u>(293,542)</u>
Net cash provided by investing activities	<u>(293,056)</u>

Net increase (decrease) in cash and cash equivalents 1,758,557

CASH AND CASH EQUIVALENTS, beginning 4,715,586

CASH AND CASH EQUIVALENTS, ending \$ 6,474,143

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

Operating Loss	(75,031)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	488,189
Amortization	5,439
Bad debt expense	30,129
Decrease in:	
Receivables	261,762
Prepaid Expenses	93,523
Increase in:	
Accounts payable and accrued expenses	432,543
Post-employment benefits obligation	213,012
Net cash flows provided by operating activities	<u>\$ 1,449,566</u>

The accompanying notes are an integral part of these statements.

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT**
Notes to the Financial Statements
For The Year Ended December 31, 2013

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT**
Notes to the Financial Statements
For The Year Ended December 31, 2013

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

A. Reporting Entity

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

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

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

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

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

B. Fund Accounting

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

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

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT**
Notes to the Financial Statements
For The Year Ended December 31, 2013

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

C. Basis of Accounting

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

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

D. Accounting Standards

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

E. Income Taxes

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

F. Use of Estimates

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

G. Cash and Cash Equivalents

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

H. Receivables

All receivables are reported net of estimated uncollectible amounts.

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT**
Notes to the Financial Statements
For The Year Ended December 31, 2013

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

I. Capital Assets

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

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

J. Assets Whose Use Is Restricted

Assets whose use is limited or restricted consists of cash and investments reported at fair value with gains and losses included in the consolidated statements of revenues and expenses. These assets are amounts that can only be spent for specific purposes because of internally imposed or externally imposed conditions by grantors or creditors.

K. Subsequent Event Review

Management of the District has reviewed subsequent events through June 30, 2014, which is the date the financial statements were available to be issued and concluded no disclosure is required in accordance with accounting principles generally accepted in the United States of America.

L. Operating Revenues and Expenses

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

PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT
Notes to the Financial Statements
For The Year Ended December 31, 2013

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

M. Grants

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

N. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and will *not* be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category. Accordingly, the item, *unearned grant revenue*, is reported on the statement of net position.

O. Restricted Resources

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

P. Net Position

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

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

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT**
Notes to the Financial Statements
For The Year Ended December 31, 2013

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

Q. Compensated absences

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

At December 31, 2013 employees have accumulated and vested \$114,683 of annual leave benefits, which is recorded as a current liability.

R. Other Post-Employment Benefits

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pensions*, requires governments to accrue postemployment benefits to the extent it is probable the employer will provide benefits conditioned on the employees' retirement. The District has recorded liabilities for postemployment benefits as of December 31, 2013.

The postemployment benefit obligation is recorded as a long term liability and recorded as an other salaries and employee expense.

S. Recently Issued Accounting Principles

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletin of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011.

In June 2011, the GASB Issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources and net position in a statement of financial position and related disclosures. The statements of net assets is renamed the statement of net position, and which includes components of assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The provisions of this statement are effective for financial periods beginning after December 15, 2011.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. The Statement is effective for periods beginning after December 15, 2012.

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT**
Notes to the Financial Statements
For The Year Ended December 31, 2013

NOTE 2 – CASH AND CASH EQUIVALENTS

At December 31, 2013, the District has cash and cash equivalents (book balances) totaling \$6,474,142 as follows:

Demand deposits	\$ 6,467,144
Money market accounts	6,998
Total amount of Cash & Cash Equivalent held at a fiscal agent bank	<u>\$ 6,474,142</u>

These deposits are stated at cost, which approximates market.

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

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

Custodial credit risk is the risk that in event of a bank failure, the District's deposits may not be returned to it. Cash was adequately collateralized with state law by Federal Deposit Insurance Corporation (FDIC) coverage and by securities held. At December 31, 2013, the District had \$6,539,795 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$6,532,797 of pledged securities held by the custodial bank in the name of the fiscal agent bank. Even though, the pledged securities are considered to be subject to custodial credit risk under the provisions, of GASB Statement No. 40, Louisiana Revised Statue 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT**
Notes to the Financial Statements
For The Year Ended December 31, 2013

NOTE 3 – INVESTMENTS

At December 31, 2013, the District investments totaled \$1,119,270 as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Market Value/ Carrying Amount</u>	<u>Cost</u>	<u>Percentage of Investment</u>
Louisiana Asset Management Pool	Various	\$ 826,214	\$ 826,214	74%
Regions / Fidelity Investments - Restricted	Various	293,056	293,056	26%
Total		<u>\$ 1,119,270</u>	<u>\$ 1,119,270</u>	<u>100%</u>

Louisiana Asset Management Pool

The District's investments in the Louisiana Asset Management Pool (LAMP) total \$826,214. These deposits are stated at cost. LAMP is a local government investment pool established as a cooperative effort to enable public entities of the State of Louisiana to aggregate funds for investments.

In accordance with GASB Codification Section 150.165, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.165 because the Investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc.; a nonprofit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and state wide professional organizations. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

As a condition of the paying agent agreement for the revenue bond issued in 2013. The funds held in the Project Fund, the Capitalized Interest Fund, and the Bond Proceeds Fund shall be invested by the paying agent as directed by the District in qualified investments. These investments are held at Regions Bank. Qualified investments are specified in Louisiana R.S. 33:2955. This statute allows the District to invest in mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consistent solely of and limited to securities of the United States government or its agencies.

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

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT**
Notes to the Financial Statements
For The Year Ended December 31, 2013

NOTE 3 – INVESTMENTS (Continued)

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

Fidelity Investments

The District's restricted investments held at Regions Bank are investments in the Fidelity Institutional Money Market Treasury Portfolio Class III. The District's deposits totaled \$293,056. These deposits are stated at cost. This investment represents 26% of the District's total investments at the year ended December 31, 2013. Fidelity Institutional Money Market Treasury Portfolio Class III normally has invested at least 80% of its assets in U.S. Treasury securities and repurchase agreements for those securities. The Fidelity Institutional Money Market Treasury Portfolio Class III has a AAA credit rating.

Concentration of Credit Risk

GASB Statement No. 40 Deposit and Investment Risk Disclosure- An Amendment of GASB Statement No. 3 defines concentration of risk as the risk of loss attributed to the magnitude of a government's investment in a single issuer. GASB 40 further defines an at-risk investment to be one that represents more than five percent (5%) of the market value of the total investment portfolio and requires disclosure of such at-risk investments. GASB 40 specifically excludes investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments from the disclosure requirement. At December 31, 2013, the District had no investments requiring a Concentration of Credit Risk disclosure.

Custodial Credit Risk

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

Interest Rate Risk - Interest Rate Risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investments held at Regions Bank at December 31, 2013 will mature in less than one year.

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT**
Notes to the Financial Statements
For The Year Ended December 31, 2013

NOTE 4 – PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. These items, totaling \$133,010, primarily include prepaid health insurance and prepaid software for the District’s security system.

NOTE 5 – GRANT RECEIVABLE

In 2012 the Plaquemines Parish Government filed a PW with FEMA in regards to reimbursement of overtime labor due to the impact of Hurricane Isaac. This PW is being re-worked with FEMA. The amount of the receivable at December 31, 2013 is \$109,674.

NOTE 6 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2013 is as follows:

	December 31, 2012 (Restated)	Additions	Deletions	December 31, 2013
Capital assets, not depreciated				
Land	\$ -	\$ 9,564,557	\$ -	\$ 9,564,557
Construction in progress	-	-	-	-
Total	<u>-</u>	<u>9,564,557</u>	<u>-</u>	<u>9,564,557</u>
Capital assets, being depreciated				
Buildings	5,470,677	-	(583,622)	4,887,055
Improvements other than buildings	474,270	-	-	474,270
Machinery and Equipment	6,444,791	87,910	-	6,532,701
Less Accumulated Depreciation	<u>(4,435,073)</u>	<u>(488,189)</u>	<u>64,699</u>	<u>(4,858,563)</u>
Total	<u>7,954,665</u>	<u>(400,279)</u>	<u>(518,923)</u>	<u>7,035,463</u>
Capital Assets, net	<u>\$ 7,954,665</u>	<u>\$ 9,164,278</u>	<u>\$ (518,923)</u>	<u>\$ 16,600,020</u>

Depreciation charged for the year ended December 31, 2013 was \$488,189.

NOTE 7 – ACCRUED EXPENSES

Certain payments to vendors have been accrued in the account as they relate to 2013 activity. These payments will be made following the year end December 31, 2013. The amount of accrued expenses at year end December 31, 2013 was \$99,244. This primarily represents the accrual of the payor agent fee related to the bond issuance.

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT**
Notes to the Financial Statements
For The Year Ended December 31, 2013

NOTE 8 – POST EMPLOYMENT BENEFITS

Plan Description – The District’s medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. Employees become eligible for these benefits when they reach normal retirement age while working for the District. Benefits are available upon retirement from service according to retirement eligibility provisions as follows: Those hired prior to January 1, 2007 are eligible for retirement upon meeting any of the following requirements: age 55 with 25 years of service; age 60 with 10 years of service; age 65 with 7 years of service; any age 30 years of service. For those hired on or after January 1, 2007 they are eligible for retirement upon meeting any of the following requirements: 30 years of service at age 55; 10 years of service at age 62 or 7 years of service at age 67. These benefits for retirees are similar benefits to active employees provided through an insurance company. Premiums are paid jointly by the District and the retiree. Those who retired from the District prior to 2013 are not eligible. They have been included in the valuation for the Plaquemines Parish Government. Prior to 2013, the District’s financial report was included with those of the Plaquemines Parish Government. All employees of the District hired prior to January 1, 2013 will receive benefits based upon their original date of hire with the Plaquemines Parish Government.

Health, dental, and vision coverage includes a fully insured group health maintenance plan together with Medicare plans for those eligible. The plan provisions are contained in the office plan documents.

Life insurance coverage is available to retirees in the amount of \$10,000 for retirees and \$5,000 for the spouse.

Currently the District has one retiree. The District pays 83% of the retiree’s life, dental, and vision annual premium.

Contribution Rates – Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy – The District implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT**
Notes to the Financial Statements
For The Year Ended December 31, 2013

NOTE 8 – POST EMPLOYMENT BENEFITS (Continued)

Annual Required Contribution – The District’s Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the amount employers must contribute annually to account for the benefits earned during the year (the normal cost). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2013
Normal cost	\$ 157,913
Amortization fo unfunded accrued liability	69,079
Interest on amortization	4,495
Annual required contribution (ARC)	\$ 231,487

Net Post-employment Benefit Obligation – The table below shows the District’s Net Other Post-employment Benefit (OPEB) Obligation for the 2013 fiscal year:

	2013
Beginning Net OPEB Obligation	\$ 799,947
Annual required contribution	231,487
Interest on net OPEB obligation	31,998
ARC Adjustment	(45,363)
Annual OPEB cost	218,122
Expected benefit payments	(5,110)
Increase in net OPEB obligation	213,012
Ending Net OPEB Obligation	\$ 1,012,959

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT**
Notes to the Financial Statements
For The Year Ended December 31, 2013

NOTE 8 – POST EMPLOYMENT BENEFITS (Continued)

The following table shows the District’s annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability for last year and this year:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Liability</u>
December 31, 2013	218,122	2.34%	\$ 1,012,959

Funded Status and Funding Progress – In 2013, the District made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the December 31, 2013 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2013 was \$1,242,302 which is defined as the portion of each participant’s present value of future benefits that has been accrued to date. It is the sum of all prior normal costs, had the normal costs been calculated according to the assumptions and data used in the most recent valuation.

	<u>2013</u>
Actuarial accrued liability (AAL)	\$ 1,242,302
Actuarial value of plan assets	0
Unfunded actuarial accrued liability (UAAL)	\$ 1,242,302
Funded ratio (Assets / AAL)	0.00%
Covered payroll	\$ 453,518
UAAL / Covered payroll	273.93%

Actuarial Methods and Assumptions – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT**
Notes to the Financial Statements
For The Year Ended December 31, 2013

NOTE 8 – POST EMPLOYMENT BENEFITS (Continued)

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the District and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the District and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the District and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method – The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets – There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45, would be used.

Turnover Rate – An age-related turnover scale based on years of service has been used. The rates and years of service used for each are below:

Years of Service	Rate
0	25%
1	21%
2	15%
3	12%
4	10%
5	9%
6	8%
7	7%
8	6%
9	5%
10 or 11	4%
12 or 13	3%
14 through 19	2%
20 or more	1%

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT**
Notes to the Financial Statements
For The Year Ended December 31, 2013

NOTE 8 – POST EMPLOYMENT BENEFITS (Continued)

Post employment Benefit Plan Eligibility Requirements – It has been assumed that entitlement to benefits will commence after the earliest eligibility date to retire. For those employed: prior to January 1, 2007 are eligible for retirement upon meeting any of the following requirements: age 55 with 25 years of service; age 60 with 10 years of service; age 65 with 7 years of service; any age 30 years of service. For those hired on or after January 1, 2007 they are eligible for retirement upon meeting any of the following requirements: 30 years of service at age 55; 10 years of service at age 62 or 7 years of service at age 67. Entitlement to benefits continues through Medicare to death.

Investment Return Assumption (Discount Rate) – GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate – The expected rate of increase in medical cost is based on a graded schedule beginning with 9% annually, down to an ultimate annual rate of 5.0% over a period of eight years. Dental and vision claims are expected to increase 5.0% per year. Life insurance premiums are expected to increase 3.0% per year.

Mortality Rate – The RP-2000 Combined Mortality Table – fully generational (projections used Scale BB), with separate rates for males and females.

Method of Determining Value of Benefits – The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid.

NOTE 9 – CAPITAL LEASES

The District records items under capital leases as assets and obligations in the accompanying financial statements. The District entered into a capital lease agreement for a copier machine.

The following is a schedule of future minimum lease payments as of December 31, 2013:

<u>Fiscal</u>	
<u>Year</u>	<u>Amount</u>
2014	\$ 2,206
2015	2,434
2016	2,452
	\$ 7,092

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT
Notes to the Financial Statements
For The Year Ended December 31, 2013**

NOTE 10 – DUE TO OTHER GOVERNMENTS

Amounts due to other governments for the year ended December 31, 2013 consisted of the following:

Due to Plaquemines Parish Government \$1,479,903

Prior to 2013, while the District was fiscally dependent upon the Plaquemines Parish Government the District was allocated certain intergovernmental expenses. The amount reported is the balance due to the Plaquemines Parish Government for those activities.

NOTE 11 – DEFERRED INLOWS OF RESOURCES

During the year, the District received \$567,277 in a grant from the Federal government to purchase a mobile command center. At the end of the year 2013, the District had not received the mobile command center nor expended funds for its purchase, therefore, the grant income is a deferred resource until all requirements of the grant are met (expenditure and receipt of the mobile command center). The District identifies grant resources that have been received, but not yet earned. Grant revenues which are unearned at year-end are recorded as unearned grant revenue.

NOTE 12 – BOND PAYABLE

In 2013, the District issued a revenue bond to be used to: finance capital improvements, fund a debt service reserve fund or pay premium for debt service, fund capitalized interest on the bonds, and pay the costs of issuing the bonds including premium for bond insurance.

The bond issuance costs are reported in the Statement of Net Position as Bond Acquisition Costs. The bond issuance costs are amortized over the 5 year bond service schedule the unamortized portion of the bond issuance cost at December 31, 2013 is \$348,086.

The District has a revenue bond outstanding at December 31, 2013 totaling \$9,500,000 with maturity date of April 1, 2019 and an interest rate of 2.420%. Bond principal and interest payable in the next fiscal years are detailed below in the Debt Service Schedule:

Fiscal Year <u>Ending December 31</u>	Principal <u>Payment</u>	Interest <u>Payment</u>	Fiscal <u>Total</u>
2014	\$ -	\$ 190,306	\$ 190,306
2015	1,810,000	207,999	2,017,999
2016	1,855,000	163,653	2,018,653
2017	1,900,000	118,217	2,018,217
2018	1,945,000	71,693	2,016,693
2019	1,990,000	24,078	2,014,078
Total	<u>\$ 9,500,000</u>	<u>\$ 775,946</u>	<u>\$ 10,275,946</u>

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT**
Notes to the Financial Statements
For The Year Ended December 31, 2013

NOTE 12 – BOND PAYABLE (Continued)

The revenue bond is payable from ad valorem taxes which will be assessed at 3-mill for the calendar year beginning in 2014. The District will begin receiving the ad valorem tax revenue in fiscal year 2014.

The interest payment of \$190,306 due in 2014 is reserved in a restricted capitalized interest fund.

NOTE 13 - RESTRICTED NET POSITION

The temporarily restricted fund balance at December 31, 2013 represents the following:

	<u>2013</u>
Bond capitalized interest	\$ 190,306
Bond issuance cost	<u>102,750</u>
Total	<u><u>\$ 293,056</u></u>

NOTE 14 – SERVICE REVENUE

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

The service revenue for the year ended December 31, 2013 can be categorized as follows:

<u>Description</u>	<u>Amount</u>
Security - Harbor	\$ 70,855
Security - Cargo	2,080,460
Harbor Fee	402,324
Docking Fee	477,030
Supplemental Harbor Fee	1,846,380
Minimum Charges	6,141
Less: Allowance for Bad Debts	<u>(30,129)</u>
	<u><u>\$ 4,853,061</u></u>

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT**
Notes to the Financial Statements
For The Year Ended December 31, 2013

NOTE 15 – EMPLOYEE RETIREMENT

Plan Description

Substantially all employees of the District are members of the Parochial Employees' Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All participating employees of the District are members of Plan A.

Substantially all permanent employees working at least 28 hours per week who are paid from funds of the District are eligible to participate in the System. Under Plan A, employees are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final average salary for each of creditable service according to retirement eligibility provisions. For those employed prior to January 1, 2007 are eligible for retirement upon meeting any of the following requirements: age 55 with 25 years of service; age 60 with 10 years of service; age 65 with 7 years of service; any age 30 years of service. For those employed on or after January 1, 2007 they are eligible for retirement upon meeting any of the following requirements: 30 years of service at age 55; 10 years of service at age 62 or 7 years of service at age 67. However, for those employees who were members of the supplemental-plan-only before January 1, 1980, the benefit is equal to one percent of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980, plus 3 percent of final-average salary for each year of service credited after the revision date. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619 or by calling (225) 928-1361.

Funding Policy

Under Plan A, members are required by state statute to contribute 9.50 percent of their annual covered salary, and the District is required to contribute at an actuarially determined rate. The current rate is 15.75 percent of annual covered payroll. Contributions to the System include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Parish are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The District's contributions to the System under Plan A for the year ended December 31, 2013 was \$277,363

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT**
Notes to the Financial Statements
For The Year Ended December 31, 2013

NOTE 16 – GRANT INCOME

Grant income reported represents the amounts received by the District from State and Federal sources in the year 2013 was for the purchase of the following capital assets and expenses of the District:

<u>Description</u>	<u>Amount</u>
Port Security	\$ 86,721
Flotation Devices	18,511
Vehicle	28,676
Engines	29,625
Fire Equipment	9,684
Oil Spill Supplies	9,559
Trailer	28,676
Total	<u>\$ 211,452</u>

NOTE 17 – CONCENTRATION OF CREDIT RISK

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

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

NOTE 18 – LEASE REVENUE

On June 14, 1994 the District entered into a written lease agreement with an unrelated party for property for the purpose of leasing a warehouse, dock facilities and parking area. The term of the lease is 30 years beginning June 1, 1995 ending May 31, 2025. The lessee has the option to renew every 10 years. The unrelated party currently agrees to pay the District a sum of \$14,641 monthly. Payments are due the first day of each month. Total rental income for 2013 is, \$175,692. Future minimum rental income for this lease is \$175,692 for 2014.

The District leases this parcel of land, warehouse and dock, located at Fort Jackson, La. This in a non-cancelable lease, with obligated terms which are renewable at the option of the lessee at the conclusion of each 10 year period. The operating lease income for the year ended December 31, 2013 was \$175,692.

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT**
Notes to the Financial Statements
For The Year Ended December 31, 2013

NOTE 18 – LEASE REVENUE (Continued)

The following is a schedule of future minimum rental income for non-concealable operating revenue leases as of December 31, 2013:

<u>Year Ended December 31,</u>	
2014	\$ 175,692
2015	185,900
2016	193,260
2017	193,260
2018	193,260
Thereafter	<u>\$ 1,143,423</u>
	<u>\$ 2,084,795</u>

NOTE 19 – OPERATING LEASE(S)

On October 8, 2012, the District entered into a written lease agreement with an unrelated party for the office space from which it operates located at 9063 Highway 23 Belle Chasse, LA 70037. The term of the lease was for three years beginning October 8, 2012 and ending October 8, 2015. The written agreement includes monthly payments of \$5,600 per month, for the three (3) year primary term. The lease does not include an annual automatic renewal provision. Total rent expense for 2013 is \$67,200. The future minimum rental payments required under this lease through October 8, 2015 total \$123,200. (This includes \$5,600 prepaid rent expense)

On January 1, 2010, the Plaquemines Parish Government entered into a written lease agreement with an unrelated party for the purposes of ferry boat docking, operations, parking and any public purpose. The consideration for the lease of this property is at the annual rate of \$17,217, half of which is paid by the Plaquemines Parish Government and half of which is paid by the District. The term of the lease was for one year beginning January 1, 2010 and ending December 31, 2010. The written agreement includes monthly payments of \$717.38 per month from the Port. The lease includes an annual automatic renewal provision. Total rent expense for 2013 is \$8,609.

NOTE 20 – PRIOR PERIOD ADJUSTMENTS

As a result of the audit for the fiscal year ended December 31, 2013 several errors were noted in the balances of certain accounts as presented in the Statement of Net Position as of December 31, 2012 and the related Statement of Revenues and Expenses. Since these errors were considered material a prior period adjustment was required. The affected accounts included accounts receivable, grants receivable, capital assets, accumulated depreciation, accounts payable and net position. The net effect of these adjustments was an increase in Net Position and change in Net Position of \$138,078 as of December 31, 2012.

COMPLIANCE AND INTERNAL CONTROL SECTION

Camnetar & Co., CPAs

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

To the Board of Commissioners
Plaquemines Port Harbor & Terminal District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Plaquemines Port, Harbor & Terminal District (the District) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 30, 2014.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

However, we noted certain matters that we reported to the management of the District in a separate letter dated June 30, 2014.

Purpose of this Report

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

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

Camnetar & Co.

Camnetar & Co., CPAs

a professional accounting corporation

Gretna, Louisiana

June 30, 2014

**PLAQUEMINES PORT,
HARBOR & TERMINAL DISTRICT
Schedule of Findings and Responses
For the Year Ended December 31, 2013**

We have audited the financial statements of the Plaquemine Port Harbor & Terminal District as of and for the year ended December 31, 2013, and have issued our report thereon dated June 30, 2014. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of OMB Circular A133. Our audit of the financial statements as of December 31, 2013 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

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

Internal Control

Material Weaknesses Yes No
Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

Was a management letter issued? Yes No

b. Federal Awards

The Plaquemines Port, Harbor & Terminal District did not expend federal awards exceeding \$500,000 during the year ended December 31, 2013 and therefore, is exempt from the audit requirements under the Single Audit and OMB-133, *Audits of States, Local Government and Non-Profit Organizations*.

Section II Financial Statement Findings

A – Issues of Noncompliance

None

B – Significant Deficiencies

None

Section III Federal Award Findings and Questioned Costs

None

PLAQUEMINES PORT HARBOR & TERMINAL DISTRICT
Management's Corrective Action Plan
For The Year Ended December 31, 2013

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

None

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

None

Section III – Management Letter

2013 – Adoption of Policies

The District has followed written policies as they pertain to accounting, personnel, credit cards and travel. The District administration has followed the State's travel policy. However, these policies have not been formally adopted by the Board of Commissioners. We recommend the District's accounting policy, credit card policy, and travel policy be formally adopted by the Board.

Management's Response

The Board agrees with the recommendations and we will formalize our accounting, personnel, credit card and travel policy by formal adoption by the board.

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT
Schedule of Prior Year Findings
For The Year Ended December 31, 2013**

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

None

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

None

Section III – Management Letter

None

**PLAQUEMINES PORT, HARBOR
& TERMINAL DISTRICT**

MANAGEMENT ADVISORY COMMENTS

DECEMBER 31, 2013

Camnetar & Co., CPAs

a professional accounting corporation

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Board of Commissioners
Plaquemines Port, Harbor & Terminal District

As part of our examination of the financial statements of the Plaquemines Port Harbor & Terminal District (the "District") as of December 31, 2013 and for the year then ended, we reviewed the system of internal control, administrative procedures and financial procedures of the Center. Our review did not include a detailed examination of all transactions, such as would be necessary to disclose any defalcations or irregularities that may have occurred. However, our engagement did include such tests of the District's system and procedures to the extent we considered necessary to make an evaluation as required by generally accepted auditing standards and the Louisiana Municipal Audit and Accounting Guide.

As a result of our review, we noted certain areas in the District's system and procedures where we believe improvements could be made. This memorandum summarizes our comments and suggestions.

We will be pleased to discuss them with you and provide assistance in their implementation.

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, LA
June 30, 2014

The accompanying advisory comments reflect observations made during the course of this year's audit. These observations are not intended as an evaluation of the performance of any of the District's personnel.

We would be glad to review these findings with any member of the District's administration or governing body should further discussion be deemed necessary.

COMMENTS AND SUGGESTIONS

2013-1 Adoption of Policies

The District has followed written policies as they pertain to accounting, personnel, credit cards and travel. The District administration has followed the State's travel policy. However, these policies have not been formally adopted by the Board of Commissioners. We recommend the District's accounting policy, credit card policy, and travel policy be formally adopted by the Board.

June 30, 2014

Mr. Daryl G. Purpera, CPA. CFE
Legislative Auditor
State of Louisiana
P O Box 94397
Baton Rouge, LA 70804-9397

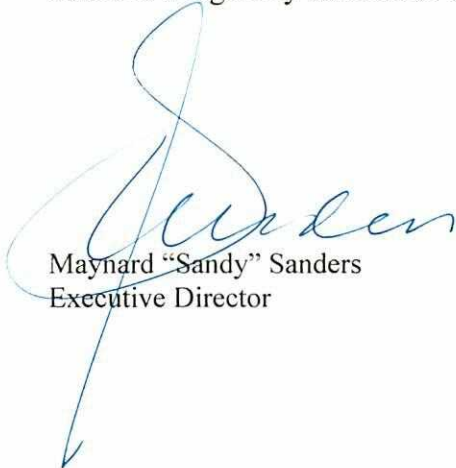
Dear Mr. Purpera:

The following outlines the action to be taken by the Plaquemines Port, Harbor & Terminal District regarding the management advisory comments addressed to you by our auditor, Camnetar & Co., CPAs (APAC), in their report dated June 30, 2014.

MANAGEMENT COMMENTS

2013-1 Adoption of Policies

The Board agrees with the recommendation and we will ratify our accounting, personnel, purchasing, credit card and travel policy by formal adoption via an ordinance voted on by the board in a regularly scheduled board meeting.



Maynard "Sandy" Sanders
Executive Director