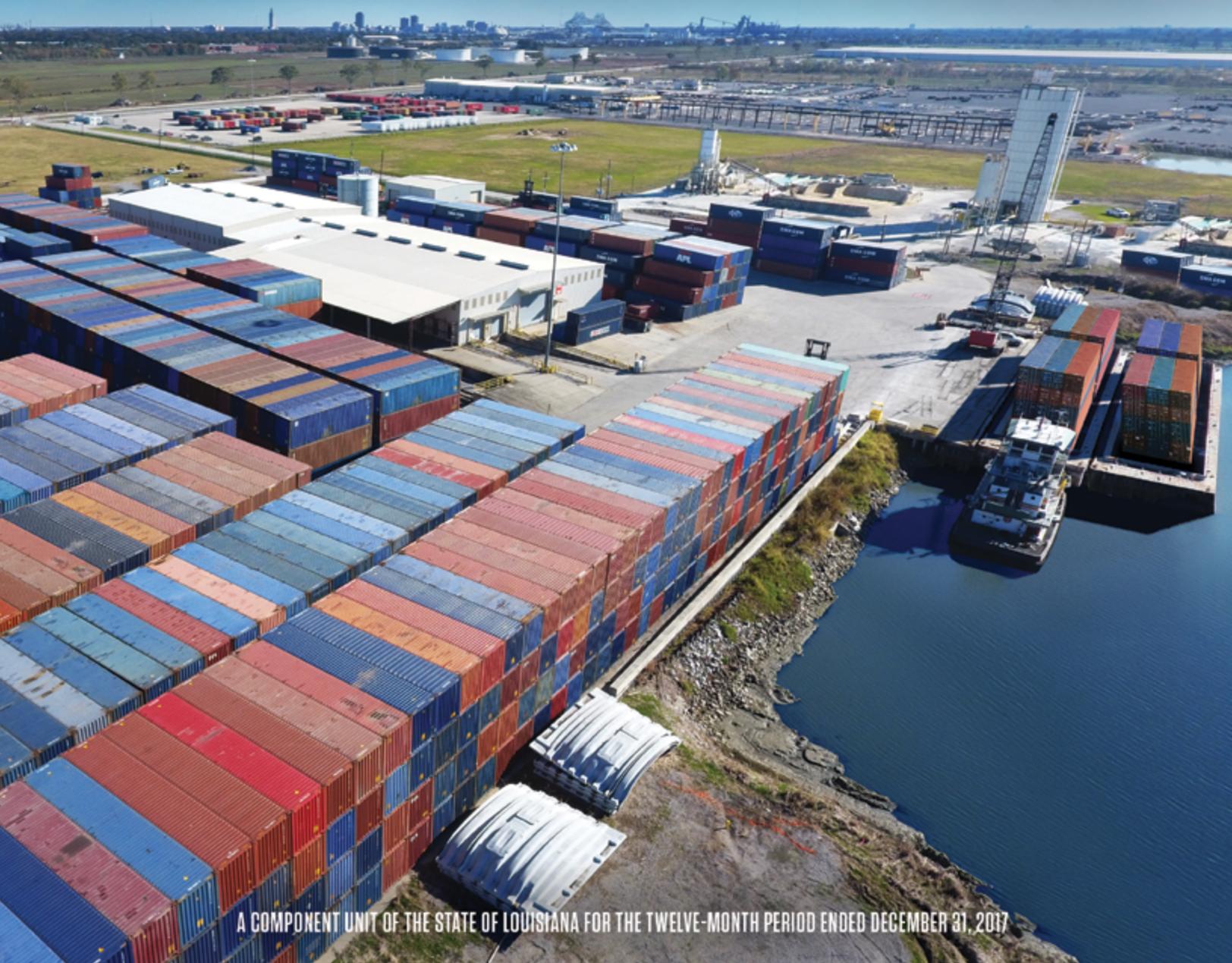




**PORT OF GREATER
BATON ROUGE**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

2017



A COMPONENT UNIT OF THE STATE OF LOUISIANA FOR THE TWELVE-MONTH PERIOD ENDED DECEMBER 31, 2017



PORT OF GREATER BATON ROUGE

**PREPARED BY THE DEPARTMENT
OF FINANCE AND ADMINISTRATION**

Jay Hardman, Executive Director
Katie LeBlanc, Director of Finance and Administration
Robert Marionneaux, Director of Governmental Affairs



GREATER BATON ROUGE PORT COMMISSION

Comprehensive Annual Financial Report
For the Year Ended December 31, 2017

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INTRODUCTION





PORT OF GREATER BATON ROUGE

INTRODUCTION

The Port of Greater Baton Rouge experienced a record setting year in 2017. This record setting growth can be attributed to an increase in the number of ship calls, barge transportation, rail and trucking within the region.

The Port's public facilities handled 14,095,407 short tons in 2017, as compared to 10,446,997 short tons in 2016, an increase of 35%.

The Port facility showing the largest percent increase from 2016 is the General Cargo Docks (up 554%). The Genesis Energy facility, which became operational in September 2016, was fully operational in 2017, and accounted for 59 ship calls to the Port.

In 2017, there were 217 ship calls at the docks, a 28% increase over 2016. In 2016, there were 170 ship calls at the docks, a 14% increase over the previous year (2015).



June 15, 2018

The Board of Commissioners
Greater Baton Rouge Port Commission
2425 Ernest Wilson Drive
Port Allen, Louisiana 70767

Re: 2017 Comprehensive Annual Financial Report

Dear Honorable Commissioners:

Reporting Entity

The Greater Baton Rouge Port Commission was established by virtue of Act 9 of the Regular Session of the 1952 Legislature of Louisiana, adopted as an amendment to the Louisiana Constitution of 1921, as Section 29, Article VI thereof, and was created as an Executive Department of the State of Louisiana. The Louisiana Constitution of 1974 continued the Greater Baton Rouge Port Commission as a political subdivision. The Commission is governed by a board of commissioners and has the power and authority to regulate the commerce and traffic within certain boundaries of the State of Louisiana and has charge of and administers public wharves, docks, sheds, landings and other structures useful for the commerce of the port area.

Report Backdrop

This Comprehensive Annual Financial Report of The Greater Baton Rouge Port Commission for the twelve-month period ending, December 31, 2017, is hereby submitted for your review.

This report was prepared under the guidance of the Executive Director and by the Finance and Administration Department. Responsibility for the completeness, accuracy and fairness of the presentation rests with management. To the best of our knowledge, all data is accurate with regard to all material aspects and is reported in a manner that is designed to fairly and accurately present the financial position of the Port Commission. Disclosures necessary to enable the reader to understand the Commission's financial activities have been included.

State statutes require an annual audit by either an independent certified public accountant or the Louisiana Legislative Auditor. The Louisiana Legislative Auditor elected to contract this service to the independent Certified Public Accounting firm, Ericksen Krentel, LLP. The

auditor's report on the component unit financial statements is included in the financial section of this report.

Management's Discussion and Analysis (MD&A) can be found in the financial section immediately following the report of the independent auditors. MD&A complements this letter of transmittal and the basic financial statements.

Year in Review

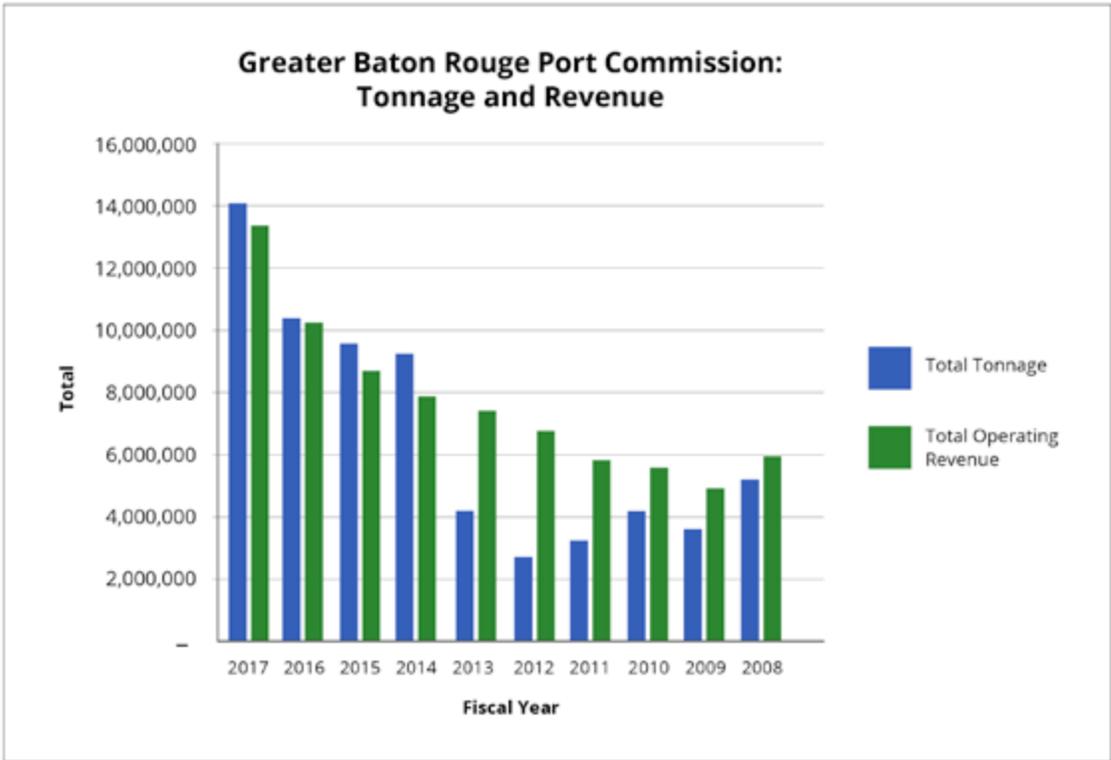
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The Port facility showing the largest percent increase from 2016 is the General Cargo Docks (up 554%). The Genesis Energy facility which became operational in September 2016, was fully operational in 2017, and accounted for 59 ship calls to the Port.

In 2017, there were 217 ship calls at the docks, a 28% increase over 2016. In 2016, there were 170 ship calls at the docks, a 14% increase over the previous year (2015).

According to recently released figures by the U.S. Army Corps of Engineers for the year 2016, the Port of Greater Baton Rouge was ranked 8th in the nation for total tonnage, handling 72,998,561 million tons within the Port's jurisdiction.



Operating Revenues

The Port's operating revenues for 2017 increased considerably from 2016. Overall Port revenues changed from \$10,319,637 in 2016 to \$13,423,276 in 2017, an increase of 30%. Combined operating and non-operating revenues were recorded at \$13,739,531, which was up by \$3,409,799 over the same period in 2016. An increase in dockage and wharfage contributed most to the increase for 2017. Net position increased by \$4,124,647 due to the same increase. Total net position was \$89,128,669 at year-end, as compared to \$85,004,022 the previous year.

Ongoing Key Factors

General Cargo Dock Ship Fender Rehabilitation / Other Improvements - \$6.5 million

The Dock Fender System upgrade, estimated as a total project cost of \$6.5 Million Dollars, continues and stands at about 85% complete. The funding source of the improvement project is a combined effort of the Louisiana Department of Transportation Port Construction and Development Priority Program (PCDPP), and The Greater Baton Rouge Port Commission.

The deep-water terminal is now capable of docking three deep-draft vessels simultaneously. The project will enhance the deep water dock capabilities and improve berthing capacity for ships at the general cargo docks and support larger vessels such as post-panamax vessels.

Other improvements made to the docks include electric, state of the art mooring capstans. Looking forward estimates are being gathered for improvements to the fire suppressant system so as to avoid dock closure during periods of cold weather.

Genesis Energy, L.P., becomes fully Operational

In September of 2016, Genesis Energy, L.P., a Houston based company, came online. In 2017, Genesis Energy, L.P., became fully operational at The Port of Greater Baton Rouge. The construction of the \$150 million oil storage and import/export terminal at the Port of Greater Baton Rouge further diversified Port operations. In 2017, Genesis contributed \$2,395,654, based on land leases, dockage and wharfage to Port operations.

Wood Pellet Export Facility Completed and Looks to Expand Operations

In the winter of 2013, Baton Rouge Transit, LLC, a wholly owned subsidiary of Drax BioMass International, Inc., selected the Port of Greater Baton Rouge as the location for its storage and exporting facility. Drax Biomass is a manufacturer of compressed wood pellets produced from sustainably managed working forests.

Since that time, Drax BioMass has moved its headquarters from Atlanta, Georgia to Monroe, Louisiana. The Baton Rouge Transit, LLC facility has the yearly capacity to load 1.5 to 2 million metric tons into vessels.

Drax BioMass now operates three facilities: (1) Morehouse BioEnergy located in Northeastern Louisiana near the town of Bastrop, (2) Amite BioEnergy located in southwestern Mississippi in the town of Gloster, and (3) LaSalle BioEnergy located in central Louisiana in the town of Urania.

In addition, in April 2017, Drax BioMass contracted with Highland Pellets, LLC, located in Pine Bluff, Arkansas, which estimates that its facility will be able to produce 500,000 metric tons per year. Wood pellets produced in Pine Bluff Arkansas are being transported by the Union Pacific Railroad to the Port of Greater Baton Rouge.

Rail Infrastructure Improvements Completed and Planned

In recent years, the Port has aggressively worked with its Port partners towards improvements of the rail system within the Port, and continued rail upgrades are a priority for the Port's leadership, management and shippers. The Port completed \$9.5 million in improvements to the Port's rail system to provide additional capacity within the Port as well as replacing aging infrastructure.

In addition to the rehabilitation of the North Line Road Rail project, the wood pellet railcar unloading facility tracks for Baton Rouge Transit, LLC was completed at a cost of approximately \$5.9 million.

Other ongoing efforts continue such as the Union Pacific Railroad's \$11 million improvement to the Port's "Interchange Tracks," which is approximately 80% complete. Additionally, the State of Louisiana, the Greater Baton Rouge Port Commission, and its stakeholders continue to work towards the construction of a rail car "Chambering Yard," which is estimated to be a \$25 million investment.

Economic Outlook

The nine-parish Baton Rouge Metropolitan Statistical Area (MSA) is currently in an industrial expansion like no other. Louisiana's petrochemical industry manufactures one-quarter of America's petrochemicals. This includes basic chemicals, plastics, and fertilizers. Louisiana ranks first in crude oil production and second in natural gas production in the U.S., including offshore production. Nearly 100 petrochemical facilities operate in the state, valued at more than \$19.6 billion, with the Capital Region home to 65 of these petrochemical facilities. Most of these facilities are located along the Mississippi River.

According to the Louisiana State University, Department of Economics, Louisiana Outlook Report for 2016-2017, the sheer volume of announced industrial work in Louisiana is unprecedented—pegged by economists at as much as \$140 billion since 2012. A recent announcement of a \$9 billion dollar industrial facility will be located in St. James Parish. Baton Rouge, particularly along the Mississippi River, has had five consecutive very strong years of growth, which is largely due to the record industrial expansions in the area.

The Baton Rouge MSA is ideally situated to capitalize on this boom. There are numerous pipelines already in place to deliver natural gas to the plants, and the supply of natural gas is abundant. There is also an abundance of available water (the Mississippi River), which is an

excellent waterway for transporting the bulk production of this industry by barge or deep draft ship. These are the drivers behind the \$8 billion in industrial projects proposed in the region.

Louisiana employment stands at 1,970,300 nonfarm wage and salary employment. Baton Rouge area employment is at 408,300 nonfarm jobs, according to the reports from the Bureau of Labor Statistics. The capital region has experienced 63 consecutive months of year-over-year job gains, even during a time of severe budget cuts at LSU and Southern University, and cutbacks in state government and in the oil and gas sectors of the economy.

The unemployment rate for Louisiana in December 2017 was 4.7%, and the national average rate in December 2017 was 4.1%. The gain of 1,182 jobs in September 2017 was the state's fourth net job gain in the last 11 quarters. Except for the third quarter of 2017, Louisiana's rates of gross job losses have exceeded the national averages in each quarter since June 2009.

International Trade and Exports

Louisiana's 2017 value of exported goods exceeded \$56.5 billion (\$48 Billion in 2016), with the top five export markets being China, Mexico, Canada, Brazil and the Netherlands (Department of Commerce, International Trade Administration). Louisiana's top five export commodities or products consisted of agricultural, petroleum/coal, chemicals, processed foods and oil/gas products. Based on the latest 2017 figures from the U.S. Department of Commerce, Louisiana's exports supported approximately 128,623 U.S. jobs, with 89% of these jobs being supported by manufactured goods.

Since 2007, exports from Louisiana to Free Trade Agreement (FTA) countries have grown by over 89%.

The Port of Greater Baton Rouge ranks 8th in the nation in total tonnage with over 72.9 million short tons of cargo moving through the Port's jurisdiction. The Mississippi River petrochemical corridor and the vast amount of agricultural products, cargo, and raw materials imported and exported make the Port a strategic location of national and international importance. Typically within the Port industry, factors related to the local, national and international economies contribute significantly to the Port's level of success, and this trend is projected to continue upward.

Internal Controls

The management of the Commission is responsible for establishing and maintaining internal controls over its operations. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures.

The objectives of internal controls are to provide management with reasonable, but not absolute, assurance 1) that assets are safeguarded against loss from unauthorized use or disposition and 2) that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that the costs of a control

should not exceed the benefits likely to be derived and that the evaluation of the costs and benefits requires estimates and judgments by management.

Budgetary Controls

The Commission staff prepares an annual Operations and Maintenance Budget that is based on expected collections and expenditures for the fiscal year. The Board of Commissioners approves and adopts the budget, which constitutes the authority of the Commission to incur liabilities and authorize projected expenditures from the respective budgeted categories. In addition, the Commission approves certain expenses from the general fund account for maintenance of existing facilities and for new construction on an as needed basis.

Monthly financial statements, which compare actual performance with budget, are presented to the Commission for review of the financial status and to measure the effectiveness of the budgetary controls.

Debt Administration

The Commission is authorized by the state legislature to have outstanding indebtedness of up to \$100,000,000 evidenced by negotiable bonds or notes. The Greater Baton Rouge Port Commission has outstanding Bond indebtedness of \$1,401,062 through a 1999A and 1999B Series issue. These bonds mature serially to the year 2019. The bonds are limited and special obligations payable solely from lawfully available funds and certain funds held by the Trustee pursuant to the Trust Indenture. No other assets are available for payment of the principal or interest on the Bonds.

Financial Condition

As demonstrated by the statements and schedules included in the financial section of this report, the Commission continues to be in sound financial condition.

Financial Reporting

For financial reporting purposes, the Commission is a component unit of the State of Louisiana and includes only the financial information of this component unit.

The financial statements of the Commission have been prepared in accordance with generally accepted accounting principles applicable to governments and to the guidelines set forth in the industry audit guide, *Audits of State and Local Governmental Units*. The Greater Baton Rouge Port Commission adopted the provisions of Governmental Accounting Standards Board's Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

Fund Description

The Greater Baton Rouge Port Commission has only one fund to which all accounts are organized and accounted for as a single entity. This fund is operated as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public be financed or recovered primarily through user charges.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Port Commission for its comprehensive annual financial report for the fiscal year ended December 31, 2016. This was the 23rd consecutive year the Port Commission received this prestigious award. To be awarded a Certificate of Achievement, the Port Commission must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement from the GFOA is valid for a period of one year only. The Port's finance department's evaluation concluded that this current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements. This report will be submitted to the GFOA for evaluation and to determine its eligibility for another Certificate of Achievement.

Continuous Improvement, Investment and Infrastructure Growth

The diversification of the Port's cargo base and revenue streams and improved utilization of the marine infrastructure and assets continue to be the principal drivers of the Port's overall success and sustainability as a market leader among U.S. Gulf of Mexico ports. This should continue well into the future. Our efforts to build upon these public infrastructure assets to create jobs and increase international trade and U.S. exports are part of our continuing mission.

Through the Port's maintenance and rehabilitation programs, state and federal grants, and private sector funding, our maritime infrastructure continues to be upgraded for maximum utilization for our existing customers and shippers and we continually evaluate market conditions, shipping trends, jobs created and the future needs of port users.

As a public port, one of our strategic objectives is to work closely with all private/public partnerships, port stakeholders and maritime interests along the Mississippi River to promote international commerce and trade. The Port maintains close working relationships with federal, state, local, and regional authorities and private sector stakeholders within the port jurisdiction to insure a vertically integrated approach to port growth, sustainability, and maritime security.

Our board of commissioners and staff are committed to the mission of the Port of Greater Baton Rouge. The Port's policies and goals for the years ahead will continue to be directed at planning

for future port growth and fostering domestic and international trade so as to create jobs and investment opportunities for industries within the port region.

It is an exciting time in the growth and development of the Port of Greater Baton Rouge. The Port appreciates the effort and support of the local and state legislative delegation, congressional delegation and existing companies located at the Port and on the Mississippi River, as well as the cooperative effort of all of the Port's stakeholders. We express our sincere appreciation and thanks to the Port's board of commissioners and to the talented and professional port staff for their leadership, guidance and support as the Port continues its efforts to build an even stronger port for future generations. In 2017, the Port looks forward to working closely with the many private and public partnerships that consider the Port and its transportation infrastructure to be an excellent location, resulting in additional ship calls and jobs at the Port.

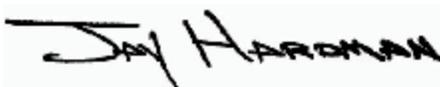
We are continuing our efforts to increase the value of the Port of Greater Baton Rouge as an economic asset to the entire region.

Acknowledgements

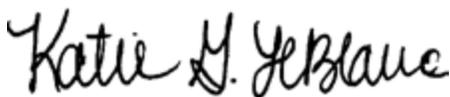
The preparation of this report could not have been accomplished without the efficient and dedicated efforts of the staff of the Finance and Administration Department, and the support of the Executive Department and the personnel of the professional accounting firm of Ericksen Krentel, LLP, Certified Public Accountants. Special recognition is given to the port executive, finance and accounting staff, for their extraordinary efforts and professionalism in maintaining and preserving the Port's financial department and records throughout the year and the design and preparation of the 2017 Comprehensive Annual Financial Report.

As Port staff continues to focus on diversification and future growth for the Port, our dedicated, talented employees will carry out daily port operations to enhance and improve the public port facilities. We will also strive to provide opportunities and incentives so that the Port has the ability to expand and entice new business to locate and operate within the Port's jurisdiction.

Respectfully Submitted,



Jay Hardman, P.E.
Executive Director



Katie G. LeBlanc
Director of Finance and Administration



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Greater Baton Rouge
Port Commission, Louisiana**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO



*PORT OF GREATER
BATON ROUGE*

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LIST OF PRINCIPAL OFFICERS

PORT COMMISSION

MR. SCOTTY E. CHABERT, JR.
East Baton Rouge Parish

MS. REBECCA A. CUNARD
East Baton Rouge Parish

MR. HALL L. DAVIS, IV
West Baton Rouge Parish

MR. MICHAEL D. DELAUNE
Ascension Parish

MS. BRENDA R. HURST
West Baton Rouge Parish

MR. ERIC T. JOHNSON
Iberville Parish

MR. JERALD JUNEAU
East Baton Rouge Parish

MR. ROBERT M. ‘BOB’ KELLY
Louisiana Farm Bureau East Bank

MR. TROY S. LEBOEUF
Ascension Parish

MS. ANGELA R. MACHEN
East Baton Rouge Parish

MR. TRAVIS M. MEDINE
Louisiana Farm Bureau West Bank

MS. LYNN ROBERTSON
West Baton Rouge Parish

MR. CLINT SENECA
Iberville Parish

MR. KEVIN J. STEVENS
East Baton Rouge Parish

MR. BOBBY WATTS
East Baton Rouge Parish

PORT STAFF

JAY HARDMAN, P.E.
Executive Director
hardmanj@portgbr.com

GREG JOHNSON
Director of Business Development
johnsong@portgbr.com

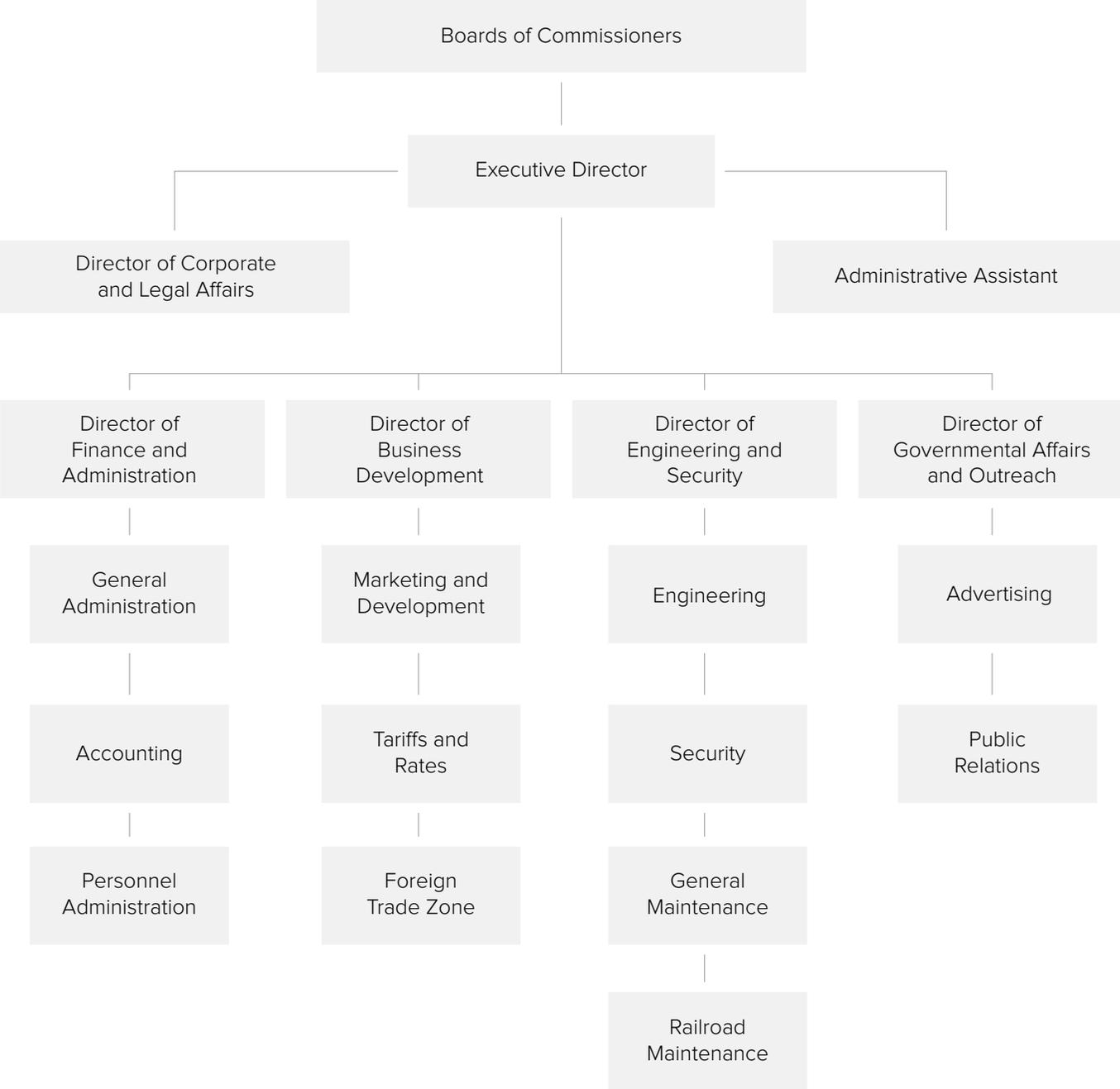
CORTNEY WHITE, P.E.
Director of Engineering and Security
whitec@portgbr.com

ROBERT M. MARIONNEAUX, JR.
Director of Governmental Affairs and Outreach
marionneauxr@portgbr.com

KATIE G. LEBLANC
Director of Finance and Administration
leblanck@portgbr.com

STEPHEN W. GLUSMAN
Attorney at Law
Director of Corporate and Legal Affairs
glusmans@portgbr.com

ORGANIZATIONAL CHART



FINANCIAL





PORT OF GREATER BATON ROUGE

FINANCIAL

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The Baton Rouge MSA is ideally situated to capitalize on this boom. There are numerous pipelines already in place to deliver natural gas to the plants, and the supply of natural gas is abundant. There is also an abundance of available water (the Mississippi River), which is an excellent waterway for transporting the bulk production of this industry by barge or deep draft ship. These are the drivers behind the industrial projects proposed in the region.

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Greater Baton Rouge Port Commission
Port Allen, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Greater Baton Rouge Port Commission (the Commission), a component unit of the state of Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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, the *Louisiana Governmental Audit Guide* 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 of 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 examining 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.

Greater Baton Rouge Port Commission
May 14, 2018
Page 2

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Greater Baton Rouge Port Commission, as of December 31, 2017, and the respective changes in financial position, and, where applicable, 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 (MD&A), schedule of proportionate share of net pension liability, schedule of pension contributions, notes to the proportionate share of net pension liability and schedule of pension contributions, and the schedule of funding progress for OPEB plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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.

Greater Baton Rouge Port Commission
May 14, 2018
Page 3

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head, schedule of Commissioners' per diem, schedule of lease information, schedule of future lease rent revenue without options, schedule of operating expenses by major category, schedule of administrative expenses, and summary schedule of operating income (loss) by facility are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2018, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Commission's internal control over financial reporting and compliance.

May 14 2018
New Orleans, Louisiana

Erickson Krentel LLP
Certified Public Accountants



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BATON ROUGE*

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GREATER BATON ROUGE PORT COMMISSION

Port Allen, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of **Greater Baton Rouge Port Commission's (the Commission)** financial performance provides a narrative overview and analysis of the Commission's financial activities for the fiscal year ended December 31, 2017. Please read it in conjunction with the Commission's basic financial statements and notes to the financial statements.

FINANCIAL HIGHLIGHTS

1. Cash increased by \$2,965,000 during the year, primarily due to the increase in operating revenues.
2. Operating revenue increased \$3,103,000 during 2017 primarily due to an increase dockage, wharfage, and lease rental revenues.
3. Operating expenses decreased \$407,000 during 2017 primarily due to a decrease in direct and administrative expenses such as dredging, repairs, and maintenance, as well as a decrease in the Commission's share of net pension liability.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. Government Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, provides that special purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds. For these governments, basic financial statements and required supplemental information (RSI) consist of:

- Management's Discussion and Analysis (MD&A)
- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows
- Notes to the Financial Statements
- RSI other than MD&A, if applicable.

Enterprise Fund Financial Statements

The basic financial statements present information for the Commission as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position provide information to present the change in the Commission's financial condition for the current year's operations. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most businesses. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Commission's net position and their changes. Net position – the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources – is a measure of the financial position of the Commission. Increases or decreases in the Commission's net position are an indicator of whether the Commission's financial position is improving or deteriorating.

The Statement of Cash Flows provides information on the changes in cash during the year. This statement reports the net cash provided or used by operating, non-capital financing activities, capital and related financing activities, and investing activities.

FINANCIAL ANALYSIS OF THE ENTITY

GREATER BATON ROUGE PORT COMMISSION STATEMENT OF NET POSITION (In thousands)

	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Current and other assets	\$ 24,611	\$ 22,664	8.59%
Capital assets	<u>77,680</u>	<u>76,877</u>	1.04%
Total assets	102,291	99,541	2.76%
Deferred outflows of resources related to pension liability	<u>613</u>	<u>1,475</u>	-58.44%
Total assets and deferred outflows of resources	<u>\$ 102,904</u>	<u>\$ 101,016</u>	1.87%
Current and other liabilities	\$ 4,165	\$ 5,024	-17.10%
Long-term obligations	<u>9,469</u>	<u>10,869</u>	-12.88%
Total liabilities	<u>13,634</u>	<u>15,893</u>	-14.21%
Deferred inflows of resources related to pension liability	<u>141</u>	<u>119</u>	18.49%
Components of Net Position:			
Net investment in capital assets	76,279	74,827	1.94%
Restricted for debt service	668	12	5466.67%
Unrestricted	<u>12,182</u>	<u>10,165</u>	19.84%
Total net position	<u>89,129</u>	<u>85,004</u>	4.85%
Total liabilities, deferred inflows of resources and net position	<u>\$ 102,904</u>	<u>\$ 101,016</u>	1.87%

Restricted net position represents those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net position includes those that do not have any limitations on how the amounts may be spent.

Net position of the Commission increased by \$4,124,000, or 5% during the year ended December 31, 2017. The primary reason is due to increases in dockage, wharfage, and lease rental revenues.

GREATER BATON ROUGE PORT COMMISSION
CHANGES IN NET POSITION
(In thousands)

	2017	2016	% Change
Lease rentals	\$ \$ 4,602	\$ \$ 4,024	14.36%
Dockage and wharfage	5,991	3,778	58.58%
Rail car, vessel and other	2,830	2,518	12.39%
Operating revenue	13,423	10,320	30.07%
Operating expenses	(10,072)	(10,479)	-3.88%
Operating income (loss)	3,351	(159)	-220754.72%
Non-operating revenues	316	10	3060.00%
Non-operating expenses	(278)	(142)	95.77%
Income (Loss) before capital contributions	3,389	(291)	-1264.60%
Capital contributions	735	5,251	-86.00%
Change in net position	4,124	4,960	-16.85%
Net position - beginning of year	85,004	80,044	6.20%
Net position - end of year	\$ \$ 89,128	\$ \$ 85,004	4.85%

The Commission's operating revenues increased by 30%, or \$3,103,000, due to additional rental income and dockage revenue throughout the year. Operating expenses decreased approximately \$407,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2017 and 2016, the Commission had \$77,680,000 and \$76,877,000, respectively, invested in a broad range of capital assets, including land, construction in progress, railroad tracks and yards, roadways and structures, buildings and structures, equipment, furnishings and transportation equipment. This amount represents a net increase (including additions and disposals) of \$803,000 over the last year. Accumulated depreciation at the end of 2017 and 2016 was \$83,281,000 and \$79,840,000, respectively. For additional information on capital asset activity, see Note 5 in the Financial Statements section. Capital assets at December 31, net of accumulated depreciation, are as follows:

	2017	2016
Land	\$ 11,212	\$ 11,212
Construciton in progress	10,937	7,183
Building and improvements	36,604	38,674
Infrastructure	16,996	17,271
Equipment	1,931	2,537
Total	<u>\$ 77,680</u>	<u>\$ 76,877</u>

Debt

The Commission had \$1,401,000 in revenue bonds outstanding as of December 31, 2017, compared to \$2,050,000 in the prior year, a decrease of 32%. No new debt was issued during the year ended December 31, 2017. The Commission carries a BBB+ debt rating on its debt. Additional information concerning the revenue bonds is disclosed in Note 6 in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEARS BUDGETS

In accordance with the requirements of GASB 34, we are not aware of any known facts, decision or conditions that are expected to have a significant effect on the Commission's financial position or results of operations.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, customers, investors, and creditors with an overview of the Commission's finances and to show the Commission's accountability for the revenues and other funding it receives. If you have any questions about this report or need additional information, contact Katie LeBlanc, Director of Finance, Greater Baton Rouge Port Commission at P.O. Box 380, Port Allen, Louisiana 70767 or (225) 342-1660.



*PORT OF GREATER
BATON ROUGE*

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GREATER BATON ROUGE PORT COMMISSION

Port Allen, Louisiana

STATEMENT OF NET POSITION

December 31, 2017

ASSETS & DEFERRED OUTFLOWS OF RESOURCES**CURRENT**

Cash	\$ 9,493,896
Investments	11,364,914
Accounts receivable, net	2,895,526
Accrued interest receivable	51,043
Prepaid expenses and other	64,498
Restricted investments	<u>741,301</u>
Total current assets	<u>24,611,178</u>

CAPITAL ASSETS

Non-depreciable	22,148,406
Depreciable, net	<u>55,531,921</u>
Total capital assets	<u>77,680,327</u>
Total assets	<u>102,291,505</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pension liability	<u>612,633</u>
Total assets and deferred outflows of resources	<u>\$ 102,904,138</u>

The accompanying notes to the financial statements on Exhibit D are an integral part of this statement.

GREATER BATON ROUGE PORT COMMISSION

Port Allen, Louisiana

STATEMENT OF NET POSITION

December 31, 2017

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & NET POSITION

CURRENT

Payable from unrestricted assets:

Accounts payable	\$ 784,632
Retainage payable	452,987
Other accrued liabilities	433,833
Revenues received in advance	1,740,403

Total current liabilities - payable from unrestricted assets	3,411,855
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Payable from restricted assets:

Current portion of long-term debt	680,000
Accrued interest payable	25,134
Unredeemed bonds and coupons	48,405

Total current liabilities - payable from restricted assets	753,539
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Total current liabilities	4,165,394
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NET PENSION LIABILITY	5,799,081
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OTHER POST EMPLOYMENT BENEFITS PAYABLE	2,949,297
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LONG TERM DEBT, less current maturities	721,062
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Total noncurrent liabilities	9,469,440
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Total liabilities	13,634,834
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DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pension liability	140,635
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NET POSITION

Net investment in capital assets	76,279,265
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Restricted for debt service	667,762
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Unrestricted	12,181,642
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Total net position	89,128,669
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Total liabilities, deferred inflows of resources, and net position	\$ 102,904,138
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The accompanying notes to the financial statements
on Exhibit D are an integral part of this statement.



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BATON ROUGE*

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GREATER BATON ROUGE PORT COMMISSION
 Port Allen, Louisiana
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 For the year ended December 31, 2017

OPERATING REVENUES	
Lease rentals	\$ 4,602,288
Dockage and wharfage	5,991,452
Rail car, vessel and other	<u>2,829,536</u>
Total operating revenues	<u>13,423,276</u>
OPERATING EXPENSES	
Direct	3,551,578
Administrative and other	3,039,494
Depreciation	<u>3,481,161</u>
Total operating expenses	<u>10,072,233</u>
Operating income	<u>3,351,043</u>
NON-OPERATING	
Investment income	312,153
Interest expense	(72,094)
Loss on sale of investments	(187,510)
Gain on sale of capital assets	4,102
Other	<u>(18,459)</u>
Total nonoperating	<u>38,192</u>
Net income before capital contributions	3,389,235
Capital contributions, net	<u>735,412</u>
Increase in net position	4,124,647
NET POSITION	
Beginning of year	<u>85,004,022</u>
End of year	<u><u>\$ 89,128,669</u></u>

The accompanying notes to the financial statements on Exhibit D are an integral part of this statement.

GREATER BATON ROUGE PORT COMMISSION

Port Allen, Louisiana

STATEMENT OF CASH FLOWS

For the year ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 13,673,588
Payments to suppliers for goods and services	(4,260,650)
Payments to employees for services	<u>(3,094,007)</u>
Net cash provided by operating activities	<u>6,318,931</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Repayment of loans	(648,850)
Interest paid on loans	(92,481)
Acquisition/construction of capital assets, net	(4,284,573)
Capital contributions	<u>2,219,946</u>
Net cash used by capital and related financing activities	<u>(2,805,958)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of investment securities	(8,365,860)
Proceeds from calls and maturities of investment securities	7,600,350
Interest and dividends earned on investment securities	<u>217,949</u>
Net cash used by investing activities	<u>(547,561)</u>

Net increase in cash	2,965,412
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CASH

Beginning of the year	<u>6,528,484</u>
End of the year	<u>\$ 9,493,896</u>

The accompanying notes to the financial statements
on Exhibit D are an integral part of this statement.

GREATER BATON ROUGE PORT COMMISSION

Port Allen, Louisiana

STATEMENT OF CASH FLOWS

For the year ended December 31, 2017

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

Operating income	\$ 3,351,043
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	3,481,161
Change in operating assets and liabilities:	
Accounts receivable	194,642
Prepaid expenses	6,022
Accounts payable and other accrued liabilities	(957,058)
Revenue received in advance	55,670
Change in net pension obligation	157,384
OPEB benefits	30,067
	<hr/>
Net cash provided by operating activities	<u>\$ 6,318,931</u>

**SCHEDULE OF NONCASH INVESTING, CAPITAL
AND FINANCING ACTIVITIES:**

Change in unrealized loss on investments	<u>\$ 100,445</u>
Change in investment premiums and discounts	<u>\$ (187,809)</u>

The accompanying notes to the financial statements on Exhibit D are an integral part of this statement.



*PORT OF GREATER
BATON ROUGE*

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GREATER BATON ROUGE PORT COMMISSION**NOTES TO FINANCIAL STATEMENTS**

December 31, 2017

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Nature of Activities**

The Greater Baton Rouge Port commission (the Commission) was established by virtue of Act 9 of the Regular Session of the 1952 Legislature of Louisiana, adopted as an amendment to the Constitution of Louisiana as Section 29, Article VI, thereof. The Commission was created as an Executive Department (now a political subdivision) of the State of Louisiana. The Commission is governed by a board of commissioners and has the power and authority to regulate the commerce and traffic within certain boundaries of the State of Louisiana and have charge of and administer public wharves, docks, shed and landings and other structures useful for the commerce of the port area.

Basis of Presentation

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred or economic asset used. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles and reporting standards.

These financial statements were prepared in accordance with GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. All activities of the Commission are accounted for within a single proprietary (enterprise) fund. This fund type is used to report any activity for which a fee is charged to external users for goods and services.

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 report amounts of assets and liabilities, the disclosures 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. Estimates are primarily used when accounting for valuation and collection of receivables, depreciation, environmental remediation liability, net pension liability and the related deferred outflows and inflows, obligations for post-employment benefits, and revenues received in advance.

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity

As the governing authority of the state, for reporting purposes, the State of Louisiana is the financial reporting entity. The financial reporting entity consists of (1) the primary government (state), (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Commission is considered a component unit of the State of Louisiana (State) because the State has financial accountability over the Commission in that the governor appoints all the commission members and can impose his will on the Commission. The accompanying financial statements present information only on the funds maintained by the Commission and do not present information on the State, the general government services provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

Measurement Focus

The Commission applies the provisions of Statement No. 34 ("Statement 34") of the GASB *Basic Financial Statements and Management's Discussion and Analysis for State and Local Government*. Statement 34 establishes standards for external financial reporting for all state and local governmental entities which includes a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

The accounts of the Commission are organized and operated as an enterprise fund. Enterprise funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net position.

Budgets and Budgetary Accounting

The Commission prepares the annual Operations and Maintenance budget for internal management purposes, and the budget is based on what is expected to be collected during the fiscal year. The budget is approved by the Board of Commissioners. The adopted budget constitutes the authority of the Commission to incur liabilities and authorize expenses from the respective budgeted funds. In addition, certain expenses are approved monthly by the Board before payment from the General Fund budget. The Commission is not required to present a budget comparison in its financial statements.

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

Cash includes cash on hand, demand deposits, interest-bearing demand deposits, and cash in trust accounts. The Commission is authorized under state law to deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the United States, or laws of the United States. Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. State Law R.S. 39:1225 provides that the amount of the security shall at all times be equal to 100% of the amount on deposit to the credit of each depositing authority, except the portion of the deposits insured by any governmental agency insuring bank deposits, which is organized under the laws of the United States.

State Law R.S. 33.2955 allows the investment in direct United States Treasury obligations; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. government instrumentalities, which are federally sponsored; direct security repurchase agreements of any federal book entry only securities guaranteed by the U. S. government, time certificates of deposit of any bank domiciled or having a branch in the State of Louisiana; savings accounts or share of certain savings and loans associations and savings banks; certain accounts of federally or state chartered credit unions; certain mutual or trust funds institutions; certain guaranteed investment contracts; and investment grade commercial paper of domestic United States corporations.

Receivables

Receivables consist of all revenue earned at year-end and not yet received. All known uncollectible accounts have been removed from receivables and an allowance of \$42,000 has been made for doubtful accounts based on a periodic aging of accounts receivable. Receivables are comprised of dock and wharf fees as well as lease rentals.

Capital Assets

Property and equipment are stated at cost. Public domain (infrastructure) assets including roads, surface drainage, railroad tracks and yards are capitalized along with other capital assets. The Commission generally capitalized assets with a cost of \$500 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets as shown below:

	Years
Railroad track and yards	20 - 40
Buildings and structures	5 - 40
Roadways and surface drainage	5 - 33
Equipment	5 - 25
Office furniture and fixtures	3 - 10
Transportation equipment	3 - 5

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted assets

Restricted assets include cash and investments that are legally restricted as to their use. The primary restricted assets are for loan repayment and debt service. The mortgage indentures associated with the outstanding loans require certain amounts to be transferred at certain intervals and carried in restricted asset accounts. At December 31, 2017, the net balance of these accounts was sufficient to meet all requirements.

Lease Revenue Recognition

Lease rentals, as further explained in Note 7, are accounted for under the operating method whereby revenue is recognized currently as rentals become due.

Compensated Absences

Employees accrue and accumulate annual and sick leave at varying rates in accordance with state law based on full-time service. The leave is accumulated without limitation. Upon separation of employment, employees or their heirs are compensated for accumulated annual leave not to exceed 300 hours at their current rate of pay. Unused annual leave in the excess of 300 hours plus unused sick leave are used to compute retirement benefits. The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expense when the leave is earned.

The liability for compensated absences is included in other accrued liabilities in the statement of net position and decreased by \$1,145 during 2017. The amount of this liability as of December 31, 2017 and 2016 was \$322,459 and \$323,604, respectively.

Net Position Classifications

Net position is classified in the following three components:

- Net investment in capital assets – this component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted – This component of net position consists of constraints placed on net asset use through external constraints 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 net position – This component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Commission. Operating revenues consist primarily of lease rentals. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions.

When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the Commission’s policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

Subsequent Events

The Commission evaluated its December 31, 2017 financial statements for subsequent events through the date of the independent auditor’s report, which was the date the financial statements were available to be issued. The Commission is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Commission will adopt this guidance for the fiscal year beginning January of 2018.

Note 2 – DEPOSITS AND INVESTMENTS

Deposits

At December 31, 2017, the Commission has cash (book balances) totaling \$9,493,896 as follows:

Demand deposits	\$	9,492,896
Petty cash		1,000
	\$	9,493,896

Custodial credit risk is the risk that, in the event of a bank failure, the Commission’s deposits might not be recovered. The Commission’s deposit policy for custodial credit risk conforms to state law, as described in Note 1 to the financial statements. At December 31, 2017, the Commission’s total demand deposit bank balance of \$9,975,343 was entirely secured by federal deposit insurance and pledged securities held by the Commission’s agent in the Commission’s name.

Note 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

As of December 31, 2017, investments of the Commission consisted of the following:

	Fair Value	Cost
Obligations of federally sponsored entities	\$ 11,111,727	\$ 10,660,000
Government money market fund - restricted	741,301	739,548
Louisiana Asset Management Pool (LAMP)	253,187	252,487
Stock	-	3,355
	<u>\$ 12,106,215</u>	<u>\$ 11,655,390</u>

Investment valuation

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 72, *Fair Value Application and Measurement*, all investments are reported at fair value with gains and losses included in the statement of revenue and expenses.

The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that the Port has the ability to access.

Level 2 – Inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable and significant to the fair value measurement.

The Commission had the following recurring fair value measurements as of December 31, 2017.

	Amount	
	Level 1	Total
Government securities of U.S. federal agencies	\$ 11,111,727	\$ 11,111,727
Government money market fund	741,301	741,301
Louisiana Asset Management Pool (LAMP)	253,187	253,187
	<u>\$ 12,106,215</u>	<u>\$ 12,106,215</u>

Note 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the Commission will not be able to recover the value of its investment. The Commission is not exposed to custodial credit risk since the investments are held in the name of the Commission or held by the Commission. The Commission's investment policy conforms to state law, as described in Note 1, which has no provision for custodial credit risk.

Concentration of credit risk relates to the amount of investments in any one entity. The following presents investments that represent five percent or more of the Commission's total investments.

Description	CUSIP	Fair Value
Federal Farm Credit Bank	3133EGC86	\$ 3,633,450
Federal Farm Credit Bank	3133EGQ84	1,923,140
Federal Farm Credit Bank	3133EGAD7	730,238
Federal National Mortgage Association	3136G32U8	385,808
Federal Home Loan Bank	3130A9BK6	1,841,803
Federal Farm Credit Bank	3133EGXP5	1,587,514
Federal Farm Credit Bank	3133EGB87	1,009,774
		<u>\$ 11,111,727</u>

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The commission's investment policy conforms to state law, which does not include a policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of December 31, 2017, the commission had the following investment in debt securities:

Investment Type	Fair Value	Investment Maturities (In Years)	
		Less than 1	1 - 5
Obligations of federally sponsored entities	\$ 11,111,727	\$ -	\$ 11,111,727
Government money market fund - restricted	741,301	741,301	-
Louisiana Asset Management Pool	253,187	253,187	-
	<u>\$ 12,106,215</u>	<u>\$ 994,488</u>	<u>\$ 11,111,727</u>

Note 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Credit risk is defined as the risk that an insurer or other counterparty to an investment will not fulfill its obligations. As December 31, 2017, the commission invested in obligations of federally sponsored entities in the amount of \$11,111,727, which are not rated. The Commission's investment in Hancock Horizon Government Money Market Fund is rated AAAM by Standard and Poors. The investment in Louisiana Asset Management Pool (LAMP) is rated AAAM by Standard and Poors. The commission follows the policy of the state of Louisiana and therefore is not exposed to investment credit risk. The type of investment allowed by the state law ensures that the Commission is not exposed to credit risk.

The investment in LAMP is administered by LAMP, Inc., a non-profit corporation organized under 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 LA R.S.33:2955. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. 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 based on quoted market rates. 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 pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors, LAMP is not registered with the Securities and Exchange Commission as an investment company.

A separate financial report for the Louisiana Asset Management Pool is prepared by the Louisiana Legislative Auditor in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained from LAMP's website at www.lamppool.com.

At December 31, 2017 the commission owned 4,474 shares of stock of Ormet Primary Aluminum Corporation. The stock was received in 2008 and 2010 as a result of bankruptcy court proceedings related to a prior contract receivable from a lease termination agreement with Ormet Primary Aluminum Corporation dated May 3, 1999. In 2005 and 2006, the Commission received a partial settlement of the receivable and wrote off the remainder which was deemed uncollectible due to the bankruptcy. At December 31, 2017, the stock had a fair value of zero.

Note 3 – DEFINED BENEFIT PENSION PLAN

Louisiana State Employees' Retirement System

Plan Description

Substantially all employees of the Commission are provided with a pension through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS) to provide retirement allowances and other benefits to eligible state officers, employees, and their beneficiaries. Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues publicly available stand-alone audit reports on their financial statements and required supplementary information that can be found on the Louisiana Legislative Auditor's website, www.la.gov and LASERS' website, www.lasersonline.org.

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

Retirement Benefits

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Our rank and file member hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 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 year 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 member 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.

Note 3 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Retirement (Continued)

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

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

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

Note 3 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Deferred Retirement Benefits

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

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

Disability Benefits

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

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

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

Survivor's Benefits

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

Note 3 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Survivor’s Benefits (continued)

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

Permanent Benefit Increases/Cost-of-Living Adjustments

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

Contributions

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Employee contributions are deducted from a member’s salary and remitted to LASERS by participating employers. The rates in effect during the year ended December 31, 2017 for the various plans follow:

Plan	Plan Status	Employee Contribution Rate	Employer Contribution Rate
Regular Employees hired before 7/01/16	Closed	7.50%	35.8%
Regular Employees hired on or after 7/01/06	Closed	8.00%	35.8%
Regular Employees hired on or after 1/01/11	Closed	8.00%	35.8%
Regular Employees hired on or after 7/1/15	Open	8.00%	35.8%

The Commission’s contractually required composite contribution rate for the year ended December 31, 2017 was 35.8% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Agency were \$571,647, \$555,178, and \$554,483 for years ended December 31, 2017, 2016 and 2015, respectively.

Note 3 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At December 31, 2017, the Commission reported a liability of \$5,799,081 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Commission's proportion of the Net Pension Liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

As June 30, 2017, the Commission's proportion was 0.08239%, which was a decrease of 0.00070% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Commission recognized total pension expense of \$157,384, which consisted of the Commission's portion of net change in the Net Pension Liability, net change deferred outflows and inflows of resources, actual contributions to the Plan, and the net effect of the Commission's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions.

At December 31, 2017, the commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 188,575	\$ (106,406)
Net difference between projected and actual earnings on pension plan investments	22,910	0
Changes in proportion and differences between employer contributions and proportionate share contributions	98,148	(34,229)
Employer contributions subsequent to the measurement date	303,000	0
Total	<u>\$ 612,633</u>	<u>\$ (140,635)</u>

The Commission reported \$303,000 as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date that will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

June 30, 2018	\$ (23,284)
June 30, 2019	169,648
June 30, 2020	75,464
June 30, 2021	(116,749)

Note 3 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

Valuation Dates	June 30, 2017																		
Actuarial Cost Method	Entry Age Normal																		
Expected Remaining Service Lives	3 years																		
Investment Rate of Return	7.70% per annum, net of investment expense																		
Inflation Rate	2.75% per annum																		
Mortality	<p><u>Non-disabled members</u> – Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015.</p> <p><u>Disabled members</u> – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.</p>																		
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System’s members.																		
Salary Increases	Salary increases were projected based on a 2009-2013 experience study of the System’s members. The salary increase ranges for specific types of members are:																		
	<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Member Type</th> <th style="text-align: center; border-bottom: 1px solid black;">Lower Range</th> <th style="text-align: center; border-bottom: 1px solid black;">Upper Range</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Regular</td> <td style="text-align: center;">3.8%</td> <td style="text-align: center;">12.8%</td> </tr> <tr> <td style="text-align: center;">Judges</td> <td style="text-align: center;">2.8%</td> <td style="text-align: center;">5.3%</td> </tr> <tr> <td style="text-align: center;">Corrections</td> <td style="text-align: center;">3.4%</td> <td style="text-align: center;">14.3%</td> </tr> <tr> <td style="text-align: center;">Hazardous Duty</td> <td style="text-align: center;">3.4%</td> <td style="text-align: center;">14.3%</td> </tr> <tr> <td style="text-align: center;">Wildlife</td> <td style="text-align: center;">3.4%</td> <td style="text-align: center;">14.3%</td> </tr> </tbody> </table>	Member Type	Lower Range	Upper Range	Regular	3.8%	12.8%	Judges	2.8%	5.3%	Corrections	3.4%	14.3%	Hazardous Duty	3.4%	14.3%	Wildlife	3.4%	14.3%
Member Type	Lower Range	Upper Range																	
Regular	3.8%	12.8%																	
Judges	2.8%	5.3%																	
Corrections	3.4%	14.3%																	
Hazardous Duty	3.4%	14.3%																	
Wildlife	3.4%	14.3%																	
Cost of Living Adjustments	The present value of future benefits is based on benefits currently being paid by the System and includes precisely granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.																		

Note 3 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (continued)

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.69% for 2017. 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, 2017 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Cash	-0.24%
Domestic equity	4.31%
International equity	5.35%
Domestic Fixed Income	1.73%
International Fixed Income	2.49%
Alternative Investments	7.41%
Global Asset Allocation	2.84%
Total Fund	5.26%

Discount Rate

The discount rate used to measure the total pension liability was 7.70%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Employer’s proportionate share of the Net Pension Liability using the discount rate of 7.70%, as well as what the Employer’s proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.70%) or one percentage-point higher (8.70%) than the current rate:

Current rate (7.70%)	\$ 5,799,081
1.0% decrease (6.70%)	7,280,088
1.0% increase (8.70%)	4,539,873

Note 3 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued LASERS 2017 Comprehensive Annual Financial Report at <http://lasersonline.org>.

Note 4 – NET POSITION

Net investment in capital assets

The change in amounts invested in capital assets, net of related debt is summarized as follows:

Capital assets, depreciable, net	\$ 55,531,921
Capital assets, non-depreciable	<u>22,148,406</u>
Total capital assets, net	<u>77,680,327</u>
Related debt, long-term	(710,000)
Related debt, short-term	(680,000)
Unamortized premium	<u>(11,062)</u>
Total related debt	<u>(1,401,062)</u>
Net investment in capital assets	<u>\$ 76,279,265</u>

Restricted net position

Restricted net position relates to debt service. The amounts restricted for debt service at December 31, 2017 were computed as follows:

Assets restricted for loan repayment	\$ 741,301
Less: current liabilities payable from restricted assets	<u>(73,539)</u>
Ending balance	<u>\$ 667,762</u>

Note 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Additions	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 11,212,425	\$ -	\$ -	\$ 11,212,425
Construction in progress	7,182,914	4,064,727	311,660	10,935,981
Total capital assets not being depreciated	<u>18,395,339</u>	<u>4,064,727</u>	<u>311,660</u>	<u>22,148,406</u>
Capital assets being depreciated				
Railroad tracks and yards	14,596,668	-	-	14,596,668
Roadways and surface drainage	11,789,123	314,630	-	12,103,753
Buildings and structures	99,617,538	61,717	-	99,679,255
Equipment	10,983,096	155,418	-	11,138,514
Office furniture and fixtures	846,760	-	40,578	806,182
Transportation equipment	488,316	-	-	488,316
Total capital assets being depreciated	<u>138,321,501</u>	<u>531,765</u>	<u>40,578</u>	<u>138,812,688</u>
Less accumulated depreciation for:				
Railroad tracks and yards	3,202,854	308,520		3,511,374
Roadways and surface drainage	5,911,890	280,797		6,192,687
Buildings and structures	60,943,547	2,131,224		63,074,771
Equipment	8,543,639	710,619		9,254,258
Office furniture and fixtures	780,704	28,909	40,318	769,295
Transportation equipment	457,290	21,092		478,382
Total accumulated depreciation	<u>79,839,924</u>	<u>3,481,161</u>	<u>40,318</u>	<u>83,280,767</u>
Capital assets being depreciated, net	<u>58,481,577</u>	<u>(2,949,396)</u>	<u>260</u>	<u>55,531,921</u>
Net capital assets	<u>\$ 76,876,916</u>	<u>\$ 1,115,331</u>	<u>\$ 311,920</u>	<u>\$ 77,680,327</u>

Depreciation expense for the year ended December 31, 2017 was \$3,481,161.

Details of construction in progress at December 31, 2017 is as follows:

Dock Fender Project	\$ 9,697,860
IRMT Project	907,711
IRMT Container Yard Expansion	94,410
GREL Rail Improvements	<u>236,000</u>
Total	<u>\$ 10,935,981</u>

Note 6 – LONG TERM DEBT

Revenue Bonds

The Commission is authorized by the State of Louisiana to have outstanding indebtedness up to \$100,000,000 evidenced by negotiable bonds or notes.

On March 1, 1999, the Commission entered into a loan agreement with the Louisiana Local Government Environmental Facilities and Community Development Authority (the Authority). Under the agreement, the Authority issued \$5,700,000 Series 1999A Revenue and Refunding Bonds and \$3,300,000 Series 1999B Revenue Bonds and loaned the proceeds to the Commission. From the proceeds of the loan, the Commission was required to fund a reserve fund to receive the bond proceeds and make loan payments, and established a construction fund to receive bond proceeds and make payments on private activity and governmental projects for which the bond proceeds were lent.

The Bonds were issued for the purpose of 1) with respect to the proceeds of the Series 1999A Bonds, currently refunding certain prior bonds and paying the costs of certain private activity projects, 2) with respect to the proceeds of the Series 1999B Bonds, paying the costs of certain governmental projects, and 3) paying the costs of issuance of the bonds.

Under the loan agreement, the Commission is required to repay the loan by making debt service payments, including principal, interest, and reserve requirements for the Authority's two bond issues. At December 31, 2017, the outstanding indebtedness consisted of the following:

Bond Series	Maturing	Call Prices (%)	Interest Rate	Payable at 1/1/17	Additions	Reductions	Payable at 12/31/17
1999A	2019	100-102	8% - 5.5%	\$ 1,285,000	\$ -	\$ 405,000	\$ 880,000
1999B	2019	100-102	8% - 5.25%	745,000	-	235,000	510,000
Unamortized premium on bonds payable				19,912	-	8,850	11,062
				<u>\$ 2,049,912</u>	<u>-</u>	<u>\$ 648,850</u>	1,401,062
Less: Amounts due within one year payable from restricted assets							<u>(680,000)</u>
Long term debt, less current maturities							<u>\$ 721,062</u>

Debt Service Requirements to Maturity

The annual requirements to amortize debt outstanding at December 31, 2017, are as follows:

Year	Principal	Interest	Total
2018	\$ 680,000	\$ 56,788	\$ 736,788
2019	710,000	19,200	729,200
	<u>\$ 1,390,000</u>	<u>\$ 75,988</u>	<u>\$ 1,465,988</u>

Note 7 – LEASES

Various facilities, terminals and other properties of the Commission have been leased to tenants for various terms. The lessees bear substantially all ordinary operating and maintenance expenses of the leased properties and have the option of renewing the leases at the end of the original term.

The carrying values and depreciation expense of the properties leased under long-term leases by the Commission are as follows as of December 31, 2017.

Buildings and structures	\$	47,694,757
Roadways and surface drainage		4,908,723
Equipment		2,290,075
Railroad tracks and yards		562,680
		55,456,235
Less: Accumulated depreciation		(38,697,515)
Net leased property	\$	16,758,720

Depreciation expense for leased property during 2017 was \$1,136,758.

The following is a schedule by years of future minimum rental payments receivable on non-cancelable long-term leases as of December 31, 2017:

Year		Future Rental Revenues
2018	\$	3,230,198
2019		3,149,701
2020		2,968,371
2021		2,826,691
2022		2,747,524
There after		16,682,195
	\$	31,604,680

For the purpose of these statements, the lease amount as set forth in the original lease agreement or set by the most recent appraisal was used in the determination of the minimum future rentals on long-term leases and thus is subject to change.

Note 8 – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Plan Description

The Commission's employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan that provides medical, prescription drug, and life insurance benefits to retirees, disabled retirees, and their eligible beneficiaries through premium subsidies. Current employees, who participate in an OGB health plan while active, are eligible for plan benefits if they retire under of the state sponsored retirement systems. The State administers the plan through the Office of Group Benefits. LRS 42:801-883 assigns the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in the State of Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

Funding Policy

The contribution requirements of plan members and the Commission 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. The Office of Group Benefits (OGB) offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Consumer Driven Health Plan (CDHP) and the Health Maintenance Organization (HMO) Plan. Retired employees who have Medicare Part A and Part B coverage also have access to four OGB Medicare Advantage plans which includes three HMO plans and one PPO plan.

Depending upon the plan selected, during the year ended December 31, 2017, employee premiums for a single member receiving benefits range from \$62 to \$98 per month for retiree-only coverage with Medicare or from \$103 to \$365 per month for retiree-only coverage without Medicare. The premiums for a retiree and spouse for the year ended December 31, 2017 range from \$229 to \$365 per month for those with Medicare or from \$332 to \$530 per month for those without Medicare.

The plan is currently financed on a pay as you go basis, with the Commission contributing anywhere from \$185 to \$296 per month for retiree-only coverage with Medicare or from \$660 to \$1,052 per month for retiree-only coverage without Medicare during the year ended December 31, 2017. Also, the Commission's contributions range from \$687 to \$1,095 per month for retiree and spouse with Medicare or \$1,013 to \$1,616 for retiree and spouse without Medicare.

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life and Employee Accidental Death and Dismemberment coverage, which is underwritten by The Prudential Insurance Company of America. The total premium is approximately \$1 per thousand dollars of coverage of which the employer pays one half the premium. Maximum coverage is capped at \$50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with AD&D coverage ceasing at age 70 for retirees.

Note 8 – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

(CONTINUED)

Annual OPEB Cost

The Commission’s Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The Commission’s total ARC for the Plan’s fiscal years beginning July 1, 2017, 2016, and 2015 was \$314,557, \$384,606, and \$373,600 respectively.

The following table present the Commission’s OPEB Obligation for the year ended December 31, 2017, the amount actually contributed to the plan, and changes in the Plan’s net OPEB obligation:

Annual required contribution (ARC)	\$	314,557
Interest on net OPEB obligation		106,242
ARC adjustment		(104,025)
Annual OPEB cost		316,774
Retiree contributions		(286,707)
Increase in net OPEB obligation		30,067
Beginning net OPEB obligation		2,919,230
Ending net OPEB obligation	\$	2,949,297

Utilizing the pay-as-you-go method, the Commission contributed 90%, 68%, and 63% of the annual post-employment benefits cost during the years ended December 31, 2017, 2016, and 2015, respectively.

Trend Information

The Commission’s net OPEB obligation, annual OPEB cost, and the percentage of annual OPEB cost contributed to the plan for the year ended December 31, 2017, and the three preceding years were as follows:

Year ended December 31,	Annual OPEB cost	Annual net OPEB cost contributed	Net OPEB obligation
2017	\$ 316,774	90%	\$ 2,949,297
2016	389,356	68%	2,919,230
2015	378,090	63%	2,795,837
2014	359,500	56%	2,656,968
2013	360,300	52%	2,499,547

Note 8 – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

(CONTINUED)

Funded Status and Funding Progress

The commission, through the Office of Group Benefits, participates in the State of Louisiana postemployment benefit plan. The Office of Group Benefits has not funded the trust. It has no assets and has a funded ratio of zero. As of July 1, 2016, the most recent actuarial valuation, the entire plan’s actuarial accrued liability (AAL) of \$6,560,342,104 is unfunded with covered payroll of \$2,320,520,486. Exhibit E-3 is the Schedule of Funding Progress, which present information about the Commission’s portion of actuarial value of plan assets and the AAL for benefits.

The funded status of the Commission’s portion of the plan as of the most recent valuation date of July 1, 2016, is as follows:

Actuarial accrued liability (AAL)	\$	5,625,012
Actuarial value of plan assets		0
Unfunded actuarial accrued liability (UAAL)	\$	5,625,012
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (annual payroll of active employees covered by the plan)	\$	791,191
UAAL as a percentage of covered payroll		711%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

Note 8 – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

(CONTINUED)

Actuarial Methods and Assumptions (Continued)

In the July 1, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.8% investment rate of return (net of administrative expenses) and initial annual healthcare inflation rate of 7.0% and 6.0% for pre-Medicare and Medicare eligibles, respectively, scaling down to an ultimate rate of 4.5% per year. The unfunded actuarial accrued liability is being amortized as level parentage of payroll on an open basis. The remaining amortization period at June 30, 2017, was thirty years. Salary increases were projected to be 3.0%.

Note 9 – RISK MANAGEMENT AND CONTINGENT LIABILITIES

The Commission is exposed to various risks of losses related to general liability; theft of, damage to, and destruction of assets; error and omissions; workers' compensation; employee health and accident; and natural disasters. The Commission is a party to various legal proceedings incidental to its business. Certain claims, suites, and complaints arising in the ordinary course of business have been filed or are pending against the Commission. In the opinion of management, all such matters are adequately covered by commercial insurance purchased by the Commission, or if not so covered, are not expected to have a material effect on the financial statements of the Commission. Except as noted hereafter, settlement amounts have not exceeded insurance coverage for the current period or the three prior years.

At December 31, 2017, the Commission is a codefendant in multiple lawsuits involving asbestos exposure while the plaintiffs were employed by others on Commission property. In the opinion of the Commission's attorney, while it is possible that there may be an unfavorable outcome to the Commission, it is not expected to have a material effect. Management continues to vigorously defend these matters.

Note 10 – DEFERRED COMPENSATION PLAN

Certain employees of the Commission participate in the Louisiana Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to the State of Louisiana Public Employees Deferred Compensation Plan are included in the financial statements of the State of Louisiana. Effective November 1, 2000, the Commission may make a discretionary matching contribution up to 5% of the employees' base pay not to exceed \$4,000 per calendar year. The Commission's contribution for the year ended December 31, 2017 was \$39,220.

Note 11 – ENVIRONMENTAL REMEDIATION LIABILITY

The presence of chlorinated hydrocarbons near the Commission’s property was first discovered during testing performed in connection with a neighboring property owner’s own environmental remediation issues. Rollins Environmental Services, Inc. (REN) conducted additional testing to identify the source and extend of chlorinated organic compounds. The preliminary site assessment revealed the presence of chlorinated hydrocarbons in the area of the barge terminal on the Commission’s property.

A plausible explanation of the presence of these chemicals is the vertical migration resulting from surface spillage caused by the transfer of piping of such materials during prior storage or shipment on the premises. An independent remediation contractor developed a remediation plan based on estimated annual expenses ranging from \$35,000 to \$40,000 for a period of 12 to 14 years. The remediation plan was proposed to and approved by the Louisiana Department of Environmental Quality. The resulting estimated potential liability was \$500,000 and shared equally by the Commission and two other potentially responsible parties. During 2017, the Port expended the remaining portion of its share of the original liability which was accrued at \$15,000 as of December 31, 2016 as well as an additional expense of \$14,549 for the current year.

Note 12 – OTHER COMMITMENTS

At December 31, 2017, the Port Commission had commitments outstanding, in the form of contracts relating to construction projects, of approximately \$1,092,569.

Note 13 – CAPITAL CONTRIBUTIONS

The Commission received capital contributions from federal and state sources for the year ended December 31, 2017 in the amount of \$735,412. The following is the breakdown of the source of these contributions for the year ended December 31, 2017:

State grants	\$ 735,412
Federal grants	<u>-</u>
Total	<u>\$ 735,412</u>

The state grants received during 2017 were for construction.

REQUIRED SUPPLEMENTARY INFORMATION



*PORT OF GREATER
BATON ROUGE*

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GREATER BATON ROUGE PORT COMMISSION

Schedule of Proportionate Share of Net Pension Liability Last Ten Fiscal Years (1) (2)

	2017	2016	2015
Employer's Proportion of Net Pension Liability	0.08239%	0.08309%	0.07737%
Employer's Proportionate Share of the Net Pension Liability	\$ 5,799,081	\$ 6,524,921	\$ 5,262,124
Employer's Covered-Employee Payroll	\$ 1,549,885	\$ 1,521,849	\$ 1,494,448
Employer's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	374.16%	428.75%	352.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	45.26%	57.70%	62.70%

- (1) *Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*
- (2) *The amounts presented have a measurement date of June 30th of the year shown.*

GREATER BATON ROUGE PORT COMMISSION

Schedule of Pension Contributions Last Ten Fiscal Years (1)

As of the fiscal year ended	Contractually Required Contribution ¹	Contributions in Relation to Contractually Required Contribution ²	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll ³	Contributions as a % of Covered Employee Payroll
12/31/2017	\$ 582,167	\$ 548,677	\$ 33,490	\$ 1,549,885	35.40%
12/31/2016	555,475	555,177	298	1,521,849	36.48%
12/31/2015	555,935	554,485	1,450	1,494,448	37.10%

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

For reference only:

1 Employer contribution rate multiplied by employer's covered employee payroll

2 Actual employer contributions remitted to Retirement Systems

3 Employer's covered employee payroll amount for the fiscal year ended December 31, 2017

Notes to Required Supplementary Information For the Year Ended June 30, 2017

Changes in Benefit Terms include:

A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session and,

Changes of Assumptions

There were no changes of benefit assumptions for the three years ended June 30, 2017.

GREATER BATON ROUGE PORT COMMISSION

Schedule of Funding Progress for OPEB Plan December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	(AAL) Project Unit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of covered Payroll [(b-a)/c]
July 1, 2016	-	\$ 5,625,012	\$ (5,625,012)	0%	\$ 791,191	711%
July 1, 2015	-	6,623,879	(6,623,879)	0%	914,389	724%
July 1, 2014	-	6,464,500	(6,464,500)	0%	809,000	799%
July 1, 2013	-	5,898,600	(5,898,600)	0%	1,277,000	462%



*PORT OF GREATER
BATON ROUGE*

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OTHER SUPPLEMENTARY INFORMATION

GREATER BATON ROUGE PORT COMMISSION

Schedule of Lease Informaton December 31, 2017

Lessee	Facility	Minimum Annual Rent for 2018	Current Lease Date of Expiration
306 Fleet, LLC	Tract of Land	\$ 60,000	August 31, 2027
Agway Systems	Five Tracts of Land	45,000	December 31, 2028
Ardent Mills	Tract of Land	111,503	March 31, 2032
Baton Rouge Transit	Tract of Land	69,749	July 29, 2023
Baton Rouge Transit	Tract of Land	4,000	Month-to-Month
BR Port Services	Tract of Land	598,480	February 16, 2024
Community Coffee	Building & Land	70,489	April 30, 2039
Continental Cement Co.	Tract of Land	51,700	August 31, 2028
Criterion Catalysts & Technologies	Warehouse	22,917	Month-to-Month
Criterion Catalysts & Technologies	Rail Track Rental	24,000	December 31, 2027
DAL-CO, LLC	Tract of Land	12,000	August 31, 2020
Dow Chemical	Container Yard	204,200	May 31, 2021
ExxonMobil - Paxon	Railroad Servitude	1,000	Year-to-Year
Kinder Morgan Bulk Terminal	Barge Terminal	19,458	Month-to-Month
Louis Dreyfus Commodities	Facility	1,000,000	June 15, 2031
Louis Dreyfus Commodities	Warehouse & Office Building	239,821	June 15, 2031
Louisiana Sugar Cane Products, Inc.	Tract of Land	36,630	September 30, 2026
Petroleum Fuel & Terminal	Tract of Land	195,356	January 31, 2020
Pine Bluff Sand & Gravel	Tract of Land	35,000	March 31, 2026
Ports America	Tract of Land	2,000	Month-to-Month
Rail Link, Inc.	Office Space	1,000	Month-to-Month
SEACOR	Facility	2,500	Month-to-Month
Stone Oil Distributor	Tract of Land	138,800	October 31, 2028
Stupp Corporation	Tract of Land	13,366	Month-to-Month
West Baton Rouge Parish Communications District	Building	18,000	December 31, 2032
West Baton Rouge Parish Waterworks District #2	Tract of Land	3,600	April 30, 2050
Westway Terminal Company	Tract of Land	232,819	December 31, 2026
Others	Tracts of Land	16,810	Varies
		\$ 3,230,198	

See Auditors' Report

GREATER BATON ROUGE PORT COMMISSION

**Schedule of Future Lease Rent Revenue Without Options
December 31, 2017**

Lessee	Facility	2018	2019	2020	2021	2022	Later	Options End
306 Fleet, LLC	Tract of Land	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 63,000	\$ 391,000	8/31/2027
Agway Systems	Five Tracts of Land	45,000	45,000	45,000	45,000	45,000	270,000	12/31/2028
Ardent Mills	Tract of Land	111,503	111,503	111,503	111,503	111,503	1,031,403	3/31/2032
Baton Rouge Transit	Tract of Land	69,749	69,749	69,749	69,749	69,749	40,687	7/29/2023
Baton Rouge Transit	Tract of Land	4,000	-	-	-	-	-	Month-to-Month
BR Port Services	Tract of Land	598,480	598,480	598,480	598,480	598,480	673,290	2/16/2024
Community Coffee	Building & Land	70,489	70,489	70,489	70,489	70,489	1,151,328	4/30/2039
Continental Cement Co.	Tract of Land	51,700	51,700	51,700	53,423	56,870	333,637	8/31/2028
Criterion Catalysts & Technologies	Warehouse	22,917	-	-	-	-	-	Month-to-Month
Criterion Catalysts & Technologies	Rail Track Rental	24,000	24,000	24,000	24,000	24,000	120,000	12/31/2027
DAL-CO, LLC	Tract of Land	12,000	12,000	8,000	-	-	-	8/31/2020
Dow Chemical	Container Yard	204,200	206,654	208,400	86,835	-	-	5/31/2021
ExxonMobil - Paxon	Railroad Servitude	1,000	-	-	-	-	-	Year-to-Year
Kinder Morgan Bulk Terminal	Barge Terminal	19,458	-	-	-	-	-	Month-to-Month
Louis Dreyfus Commodities	Facility	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	8,458,333	6/15/2031
Louis Dreyfus Commodities	Warehouse & Office Building	239,821	239,821	239,821	239,821	239,821	1,927,725	6/15/2031
Louisiana Sugar Cane Products, Inc.	Tract of Land	36,630	36,630	36,630	39,072	40,293	151,099	9/30/2026
Petroleum Fuel & Terminal	Tract of Land	195,356	195,356	16,280	-	-	-	1/31/2020
Pine Bluff Sand & Gravel	Tract of Land	35,000	35,000	35,000	35,000	35,000	113,750	3/31/2026
Ports America	Tract of Land	2,000	-	-	-	-	-	Month-to-Month
Rail Link, Inc.	Office Space	1,000	-	-	-	-	-	Month-to-Month
SEACOR	Facility	2,500	-	-	-	-	-	Month-to-Month
Stone Oil Distributor	Tract of Land	138,800	138,800	138,800	138,800	138,800	809,667	10/31/2028
Stupp Corporation	Tract of Land	13,366	-	-	-	-	-	Month-to-Month
West Baton Rouge Parish Communications District	Building	18,000	18,000	18,000	18,000	18,000	180,000	12/31/2032
West Baton Rouge Parish Waterworks District #2	Tract of Land	3,600	3,600	3,600	3,600	3,600	98,400	4/30/2050
Westway Terminal Company	Tract of Land	232,819	232,819	232,819	232,819	232,819	931,276	12/31/2026
WBR Parish Council	Tract of Land	100	100	100	100	100	600	12/31/2028
Savoie Industries, Inc.	Tract of Land	6,710	-	-	-	-	-	Year-to-Year
Complete Planting & Livestock	Tract of Land	10,000	-	-	-	-	-	Year-to-Year
		\$ 3,230,198	\$ 3,149,701	\$ 2,968,371	\$ 2,826,691	\$ 2,747,524	\$ 16,682,195	

See Auditors' Report

GREATER BATON ROUGE PORT COMMISSION

**Schedule of Operating Expenses by Major Category
December 31, 2017**

<u>Major Category</u>	<u>Amount</u>
Personnel Services	\$ 3,256,472
Depreciation	3,481,161
Operating Services	2,746,051
Other Post Employment Benefits	30,067
Supplies	339,095
Professional Fees	147,940
Travel	24,444
Other	47,003
Total	<u>\$ 10,072,233</u>

See Auditors' Report

GREATER BATON ROUGE PORT COMMISSION

**Schedule of Administrative Expenses
December 31, 2017**

	<u>Amount</u>
Salaries and wages	\$ 922,833
Contributions to State Retirement System, Payroll Taxes, and Group Insurance	1,112,713
Director's Salary	192,843
Annual, Sick and Compensatory Leave	122,622
Commissioner's Per Diem	59,400
Advertising	136,172
Office Repairs and Maintenance	74,322
Legal	30,859
Legislative Consultant Fees	42,000
Engineering	14,215
Auditing	24,665
Consulting Fees	3,981
Trade and Sales Solicitation	81,022
Insurance	44,068
Travel	23,833
Dues and Subscriptions	30,555
Office Supplies and Postage	17,524
Outside Administrative Services	17,640
Education Expenses	21,448
Utilities	15,056
Telephone	3,925
Miscellaneous	47,798
	<hr/>
Total administrative expenses	<u>\$ 3,039,494</u>

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GREATER BATON ROUGE PORT COMMISSION

**Schedule of Operating Income (Loss) by Facility
December 31, 2017**

	Operating Revenue	Operating Expense	Depreciation	Operating Income (Loss)
Grain Elevator	\$ 2,433,341	\$ 67,211	\$ 325,146	\$ 2,040,984
General Cargo Docks	3,854,417	681,757	1,067,801	2,104,859
Baton Rouge Barge Terminal	520,472	20,379	4,907	495,186
Molasses Terminal	326,451	69,515	-	256,936
West Bank Railroad Facility	425,501	544,530	18,235	(137,264)
Petroleum Terminal	727,654	77,439	-	650,215
Midstream Bulk Handling Facility	51,181	-	-	51,181
Miscellaneous River Activities	578,525	-	-	578,525
Miscellaneous East and West Bank Activities	2,764,107	1,897,926	1,006,676	(140,495)
Inland Rivers Marine Terminal	1,648,273	192,821	551,889	903,563
Foreign Trade Zone	45,000	-	-	45,000
Total before administrative	13,374,922	3,551,578	2,974,654	6,848,690
Administrative	48,354	3,039,494	506,507	(3,497,647)
Total	\$ 13,423,276	\$ 6,591,072	\$ 3,481,161	\$ 3,351,043

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GREATER BATON ROUGE PORT COMMISSION

Schedule of Commissioners' Per Diem

December 31, 2017

Commissioner	Number of Days for Which Paid	Amount Paid
Chabert, Scotty	23	\$ 3,975
Cunard, Rebecca	16	\$ 3,000
Davis, Hall	20	\$ 3,075
DeLaune, Michael	22	\$ 3,900
Hurst, Brenda	19	\$ 3,675
Johnson, Eric	18	\$ 3,375
Juneau, Jerald	24	\$ 4,050
Kelly, Robert	21	\$ 3,375
LeBoeuf, Troy	17	\$ 3,075
Machen, Angela	23	\$ 3,975
Medine, Travis	12	\$ 1,800
Robertson, Lynn	19	\$ 3,450
Seneca, Clint	23	\$ 3,975
Steven, Kevin	18	\$ 3,150
Watts, Bobby	24	\$ 4,050
		<u>\$ 51,900</u>

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GREATER BATON ROUGE PORT COMMISSION

**Schedule of Compensation, Benefits, and
Other Payments to Agency Head
December 31, 2017**

Agency Head: Jay Hardman

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 210,558
Benefits - retirement	77,591
Benefits - insurance	18,161
Conference travel	4,481
Deferred compensation	4,000
Registration fees	2,910
Special meals	733
Vehicle provided by government	690
	<u>\$ 319,124</u>

See Auditors' Report

STATISTICAL





PORT OF GREATER BATON ROUGE

STATISTICAL

Louisiana's 2017 value of exported goods exceeded \$56.5 billion (\$48 billion in 2016), with the top five export markets being China, Mexico, Canada, Brazil and the Netherlands. Louisiana's top five export commodities or products consisted of agricultural, petroleum/coal, chemicals, processed foods and oil/gas products.

Based on the latest 2017 figures from the U.S. Department of Commerce, Louisiana's exports supported approximately 128,623 U.S. jobs, with 89% of these jobs being supported by manufactured goods. Since 2007, exports from Louisiana to Free Trade Agreement (FTA) countries have grown by over 89%.

The Port of Greater Baton Rouge ranks 8th in the nation in total tonnage with over 72.9 million short tons of cargo moving through the Port's jurisdiction.

**GREATER BATON ROUGE PORT COMMISSION
STATE OF LOUISIANA**

SUMMARY OF STATISTICAL SECTION

This part of the Greater Baton Rouge Port Commission comprehensive financial report presents detailed information which provides further clarification to the information contained in the financial statements, note disclosures, and all required supplementary information. The information contained in this section includes important indicators about the Greater Baton Rouge Port Commission's overall financial well-being.

Contents

Financial Trends Information:

The following schedules contain trend information to help the reader understand how the financial performance and condition of the Greater Baton Rouge Port Commission has changed over the past ten years.

- Net Position – Last Ten Fiscal Years Exhibit G-1
- Changes in Net Position – Last Ten Fiscal Years Exhibit G-2

Revenue Capacity Information:

The following schedules contain information to help the reader assess the most significant sources of revenue of the Greater Baton Rouge Port Commission.

- Revenue by Type and Related Average – Last Ten Fiscal Years Exhibit G-3
- Revenue Rates – Last Ten Fiscal Years Exhibit G-4

Debt Capacity Information:

The following schedule contains information to help the reader assess the capability of the Greater Baton Rouge Port Commission to meet its current level of debt services and its ability to issue debt in the future.

- Note Indebtedness – Last Ten Fiscal Years Exhibit G-5

Demographics and Economic Information:

The following schedules contain information to help the reader understand demographic and economic indicators related to the financial activities of the Greater Baton Rouge Port Commission in its current environment.

- Principal Employers by Parish within Port Jurisdiction Exhibit G-6
- Demographic Statistics by Parish within Port Jurisdiction Exhibit G-7

Operating Information:

The following schedules contain information directly related to the operating indicators and the number of government personnel employed by the Greater Baton Rouge Port Commission.

- Full-Time Equivalent Employees by Department – Last Ten Fiscal Years Exhibit G-8
- Tonnage Comparison – Last Ten Fiscal Years Exhibit G-9

GREATER BATON ROUGE PORT COMMISSION
NET POSITION
LAST TEN FISCAL YEARS

(accrual basis of accounting)
(in thousands)
(Unaudited)

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net position										
Net investment in capital assets	\$ 76,279	\$ 74,827	\$ 70,614	\$ 64,639	\$ 59,496	\$ 58,278	\$ 52,530	\$ 48,749	\$ 47,206	\$ 47,428
Restricted for debt service	668	12	31	56	78	95	116	181	199	213
Unrestricted	12,182	10,165	9,399	14,937	13,787	12,143	16,378	15,762	16,429	17,262
Total Net Position	<u>\$ 89,129</u>	<u>\$ 85,004</u>	<u>\$ 80,044</u>	<u>\$ 79,632</u>	<u>\$ 73,361</u>	<u>\$ 70,516</u>	<u>\$ 69,024</u>	<u>\$ 64,692</u>	<u>\$ 63,834</u>	<u>\$ 64,903</u>

GREATER BATON ROUGE PORT COMMISSION

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
LAST TEN FISCAL YEARS(accrual basis of accounting)
(in thousands)
(Unaudited)

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating Revenues										
Rentals	\$ 4,602	\$ 4,024	\$ 3,653	\$ 4,241	\$ 4,337	\$ 3,896	\$ 2,921	\$ 2,220	\$ 1,961	\$ 2,423
Dockage and wharfage	5,991	3,778	2,850	2,461	1,598	1,406	1,716	2,168	1,504	1,970
Other	2,830	2,518	2,277	1,252	1,511	1,503	1,254	1,326	1,521	1,685
Total operating revenues	13,423	10,320	8,780	7,954	7,446	6,805	5,891	5,714	4,986	6,078
Operating Expenses										
Direct	3,552	3,445	2,673	2,277	2,431	2,332	2,369	2,146	2,171	2,226
Administrative	3,039	3,302	2,756	2,738	2,672	2,436	2,412	2,679	2,714	2,710
Depreciation	3,481	3,733	3,461	3,021	2,849	2,818	2,516	2,503	2,538	2,538
Total operating expenses	10,072	10,480	8,890	8,036	7,952	7,586	7,297	7,328	7,423	7,474
Non-operating revenues (expenses)										
Investment income	312	10	116	105	67	247	595	585	280	648
Interest expense	(72)	(106)	(148)	(179)	(208)	(234)	(260)	(283)	(306)	(331)
Gain/(loss) on sale of investments	(188)	(35)	(43)	(2)	-	-	-	-	-	-
Gain/(loss) on sale of capital assets	4	-	-	-	2	-	-	-	-	526
Other	(18)	-	-	-	4	(202)	(3)	(3)	144	11
Total non-operating	38	(131)	(75)	(76)	(135)	(189)	332	299	118	854
Net Income (loss)	3,389	(291)	(185)	(158)	(641)	(970)	(1,074)	(1,315)	(2,319)	(542)
Capital Contributions, net	735	5,251	5,531	6,429	3,486	2,462	5,406	2,174	1,250	597
Change in net position	4,124	4,960	5,346	6,271	2,845	1,492	4,332	859	(1,069)	55

GREATER BATON ROUGE PORT COMMISSION

REVENUE BY TYPE AND RELATED AVERAGE
LAST TEN FISCAL YEARS(accrual basis of accounting)
(Unaudited)

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Rentals	\$ 4,602,288	\$ 4,023,924	\$ 3,653,246	\$ 4,240,888	\$ 4,337,658	\$ 3,896,287	\$ 2,920,944	\$ 2,220,062	\$ 1,961,005	\$ 2,422,887
Wharfage	4,366,169	2,914,849	2,137,468	1,637,646	973,614	942,221	864,941	960,157	588,825	881,474
Dockage	1,625,283	863,165	712,638	823,130	624,476	464,226	851,327	1,208,253	914,708	1,088,312
Other operating revenue	2,829,536	2,517,699	2,276,433	1,251,903	1,510,817	1,503,060	1,254,452	1,325,576	1,521,213	1,685,450
Total operating revenue	\$ 13,423,276	\$ 10,319,637	\$ 8,779,785	\$ 7,953,567	\$ 7,446,565	\$ 6,805,794	\$ 5,891,664	\$ 5,714,048	\$ 4,985,751	\$ 6,078,123
Cargo tonnage	14,095,407	10,446,997	9,605,775	9,281,421	4,263,425	2,783,791	3,287,541	4,172,623	3,671,411	5,275,923
Per ton wharfage	\$ 0.31	\$ 0.28	\$ 0.22	\$ 0.18	\$ 0.23	\$ 0.34	\$ 0.26	\$ 0.23	\$ 0.16	\$ 0.17

GREATER BATON ROUGE PORT COMMISSION

REVENUE RATES
LAST TEN FISCAL YEARS(accrual basis of accounting)
(Unaudited)

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Dockage Rates at General Cargo Docks (LOA)										
Ships & Ocean Going Barges										
First day, per ft										
0-199	\$ 2.85	\$ 2.77	\$ 2.61	\$ 2.61	\$ 2.46	\$ 2.46	\$ 2.32	\$ 2.32	\$ 2.06	\$ 2.06
200-399	3.75	3.64	3.43	3.43	3.23	3.23	3.05	3.05	2.70	2.70
400-499	5.10	4.95	4.67	4.67	4.40	4.40	4.15	4.15	3.68	3.68
500-599	6.85	6.65	6.27	6.27	5.91	5.91	5.57	5.57	4.95	4.95
600-699	7.96	7.72	7.28	7.28	6.85	6.85	6.47	6.47	5.75	5.75
700-799	10.10	9.80	9.24	9.24	8.71	8.71	8.21	8.21	7.30	7.30
800-899	12.16	11.81	11.13	11.13	10.50	10.50	9.89	9.89	8.79	8.79
900 ft +	14.54	14.12	13.31	13.31	12.55	12.55	11.83	11.83	10.53	10.53
Additional days, per ft, per day										
0-199	1.43	1.39	1.31	1.31	1.23	1.23	1.16	1.16	1.03	1.03
200-399	1.88	1.82	1.72	1.72	1.62	1.62	1.53	1.53	1.35	1.35
400-499	2.55	2.48	2.34	2.34	2.20	2.20	2.08	2.08	1.84	1.84
500-599	3.43	3.33	3.14	3.14	2.96	2.96	2.79	2.79	2.48	2.48
600-699	3.98	3.86	3.64	3.64	3.43	3.43	3.24	3.24	2.88	2.88
700-799	5.05	4.90	4.62	4.62	4.36	4.36	4.11	4.11	3.65	3.65
800-899	6.08	5.91	5.57	5.57	5.25	5.25	4.95	4.95	4.40	4.40
900 ft +	7.27	7.06	6.66	6.66	6.28	6.28	5.92	5.92	5.27	5.27
Liquid Bulk Barges										
First day, per ft										
0-199	1.15	1.15	1.00	1.00	0.90	0.90	0.75	0.75	0.75	0.75
200-399	1.20	1.20	1.05	1.05	0.95	0.95	0.80	0.80	0.80	0.80
400-449	1.40	1.40	1.30	1.30	1.20	1.20	1.05	1.05	1.05	1.05
450-499	1.75	1.75	1.55	1.55	1.45	1.45	1.30	1.30	1.30	1.30
Each day thereafter	50.00	50.00	40.00	40.00	25.00	25.00	15.00	15.00	15.00	15.00
Dockage Rates at Grain Elevator										
Ships (per GRT, per day)	-	-	-	-	-	-	0.19	0.19	0.19	0.19
Barges (per day)	-	-	-	-	-	-	45.00	45.00	45.00	45.00

Source: Port Tariff No. 1, Item 145

GREATER BATON ROUGE PORT COMMISSION

**REVENUE RATES
LAST TEN FISCAL YEARS**

(accrual basis of accounting)
(Unaudited)

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Wharfage Rates (per ton)										
All articles (not provided for below)	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
Bulk Commodities										
Bauxite	-	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00
Fluorspar	-	-	-	-	0.90	0.90	0.90	0.90	0.90	0.90
Groats	-	-	-	-	0.90	0.90	0.90	0.90	0.90	0.90
Lead Concentrates	-	-	-	-	0.90	0.90	0.90	0.90	0.90	0.90
Logs	Quoted price	Quoted price	1.00	1.00	0.90	0.90	0.90	0.90	0.90	0.90
Zinc Residue	-	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00
Bulk Liquids, utilizing pipeline										
Liquid Fertilizers	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45
Molasses	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
Other Bulk Liquid	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Bundled Galvanized Pipe	1.25	1.25	1.25	1.25	1.00	1.00	1.00	1.00	1.00	1.00
Caustic Soda	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Flitches	1.61	1.61	1.61	1.61	1.61	1.61	1.61	1.61	1.61	1.61
Heavy Lifts, in excess of 6,000 lbs	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Iron, steel, or other metal										
Fabrications or structures	1.85	1.85	1.85	1.85	1.61	1.61	1.61	1.61	1.61	1.61
Coils, rails, bars, ingots, etc.	1.25	1.25	1.25	1.25	1.00	1.00	1.00	1.00	1.00	1.00
Lumber	1.61	1.61	1.61	1.61	1.61	1.61	1.61	1.61	1.61	1.61
Particle Board	1.61	1.61	1.61	1.61	1.61	1.61	1.61	1.61	1.61	1.61
Pipe, coated or uncoated										
1-20,000 short tons	1.60	1.60	1.60	1.60	1.40	1.40	1.40	1.40	1.40	1.40
Over 20,000 short tons	1.20	1.20	1.20	1.20	1.00	1.00	1.00	1.00	1.00	1.00
Plywood	1.61	1.61	1.61	1.61	1.61	1.61	1.61	1.61	1.61	1.61
Project Cargo	Quoted price									
PVC Plastics	1.61	1.61	1.61	1.61	1.61	1.61	1.61	1.61	1.61	1.61
Single Lifts, in excess of 50,000 lbs	Quoted price									

Source: Port Tariff No. 1, Item 180

GREATER BATON ROUGE PORT COMMISSION

**NOTE INDEBTEDNESS
LAST TEN FISCAL YEARS**

(modified accrual basis of accounting)
(Unaudited)

Fiscal Year End	1999A Revenue & Refunding Notes				1999B Revenue & Refunding Notes				Unamortized		Per Capita
	Principal Paid	Interest Paid	Total Payment	Year End Balance	Principal Paid	Interest Paid	Total Payment	Year End Balance	Premium Balance	Combined Balance	
2017	\$ 405,000	\$ 59,538	\$ 464,538	\$ 880,000	\$ 235,000	\$ 32,944	\$ 267,944	\$ 510,000	\$ 11,062	\$ 1,401,062	\$ 2.23
2016	\$ 385,000	\$ 81,263	\$ 466,263	\$ 1,285,000	\$ 225,000	\$ 45,019	\$ 270,019	\$ 745,000	\$ 19,912	\$ 2,049,912	\$ 3.27
2015	\$ 365,000	\$ 101,888	\$ 466,888	\$ 1,670,000	\$ 210,000	\$ 56,438	\$ 266,438	\$ 970,000	\$ 28,761	\$ 2,668,761	\$ 4.27
2014	\$ 345,000	\$ 121,240	\$ 466,240	\$ 2,035,000	\$ 200,000	\$ 67,200	\$ 267,200	\$ 1,180,000	\$ 37,611	\$ 3,252,611	\$ 5.23
2013	\$ 330,000	\$ 139,300	\$ 469,300	\$ 2,380,000	\$ 190,000	\$ 77,319	\$ 267,319	\$ 1,380,000	\$ 46,459	\$ 3,806,459	\$ 6.16
2012	\$ 310,000	\$ 156,183	\$ 466,183	\$ 2,710,000	\$ 180,000	\$ 86,778	\$ 266,778	\$ 1,570,000	\$ 55,309	\$ 4,335,309	\$ 7.06
2011	\$ 295,000	\$ 172,064	\$ 467,064	\$ 3,020,000	\$ 170,000	\$ 95,618	\$ 265,618	\$ 1,750,000	\$ 64,159	\$ 4,834,159	\$ 7.94
2010	\$ 280,000	\$ 187,088	\$ 467,088	\$ 3,315,000	\$ 160,000	\$ 103,868	\$ 263,868	\$ 1,920,000	\$ 73,008	\$ 5,308,008	\$ 8.78
2009	\$ 265,000	\$ 202,053	\$ 467,053	\$ 3,595,000	\$ 155,000	\$ 112,324	\$ 267,324	\$ 2,080,000	\$ 81,857	\$ 5,756,857	\$ 9.68
2008	\$ 250,000	\$ 217,863	\$ 467,863	\$ 3,860,000	\$ 145,000	\$ 121,311	\$ 266,311	\$ 2,235,000	\$ 90,707	\$ 6,185,707	\$ 10.50

(1) Please refer to footnote 6 in the financial section for a detailed description of the notes and the usage of funding.

(2) Notes will mature in 2019

(3) Used total population of all four parishes within the Port's jurisdiction to calculate debt per capita.

GREATER BATON ROUGE PORT COMMISSION

**PRINCIPAL EMPLOYERS BY PARISH WITHIN THE JURISDICTION
CURRENT YEAR**

(Unaudited)

**Ascension Parish
2017**

Employer	Number of Employees
Geismar Neighborhood Care Help	1,200
BASF	1,047
Parish of Ascension	744
Our Lady of the Lake Regional Medical Center	700
CF Industries	700
Walmart Stores	700
Shell Chemical	650
LeBlanc's Food Stores	600
Total	6,341

**East Baton Rouge Parish
2017**

Employer	Number of Employees
Turner Industries Group LLC	9,875
LSU System	6,250
Performance Contractors	5,500
Our Lady of the Lake Regional Medical Center	4,500
ExxonMobil Corporation	4,214
Baton Rouge General Medical Center	4,000
Parish Water Company	3,196
AT&T	3,000
Total	40,535

Source: Baton Rouge Area Chamber

GREATER BATON ROUGE PORT COMMISSION

**PRINCIPAL EMPLOYERS BY PARISH WITHIN THE JURISDICTION
CURRENT YEAR**

(Unaudited)

**Iberville Parish
2017**

Employer	Number of Employees
Dow Chemical Company	2,200
LA Dept. of Public Safety and Corrections	1,200
Syngenta Crop Protection, Inc.	700
Axiall, LLC	300
Maintenance Enterprises, LLC	300
Crown Enterprises, Inc.	250
Diamond Plastics Corporation	250
Louisiana State University System	205
Total	5,405

**West Baton Rouge Parish
2017**

Employer	Number of Employees
Turner Industries Piping	571
Scaffolding Rental & Erection Services	460
Petrin Corporation	375
Wal-Mart Stores	350
Westgate Electrical & Instrumentation	350
Shintech	222
Placid Refining Company LLC	210
Total	2,538

GREATER BATON ROUGE PORT COMMISSION
DEMOGRAPHIC STATISTICS BY PARISH WITHIN THE JURISDICTION
OF THE GREATER BATON ROUGE PORT COMMISSION
LAST TEN FISCAL YEARS

(Unaudited)

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Ascension Parish										
Population	122,948	121,587	119,455	117,029	114,393	112,286	109,985	107,215	104,822	102,461
Personal Income	Unavailable	\$ 5,610,166	\$ 5,498,038	\$ 5,190,398	\$ 4,866,285	\$ 4,734,071	\$ 4,478,672	\$ 4,250,998	\$ 4,059,774	\$ 4,036,970
Per Capita Personal Income	Unavailable	\$ 46,141	\$ 46,058	\$ 44,252	\$ 42,479	\$ 42,180	\$ 40,701	\$ 39,415	\$ 38,601	\$ 39,235
Unemployment Rate	4.3	4.9	5.0	5.4	5.6	6.2	7.1	7.5	5.9	4.4
East Baton Rouge Parish										
Population	446,268	447,037	446,753	446,042	445,279	444,296	441,518	440,171	434,633	431,024
Personal Income	Unavailable	\$ 20,227,581	\$ 20,204,993	\$ 19,989,138	\$ 19,279,540	\$ 19,130,066	\$ 18,439,309	\$ 17,475,167	\$ 17,151,269	\$ 17,188,329
Per Capita Personal Income	Unavailable	\$ 45,248	\$ 45,281	\$ 44,832	\$ 43,371	\$ 43,179	\$ 41,787	\$ 39,651	\$ 39,192	\$ 39,630
Unemployment Rate	4.4	5.1	5.3	5.8	6.2	6.8	7.6	7.6	6.2	4.7
Iberville Parish										
Population	33,027	32,920	33,095	33,327	33,438	33,350	33,367	33,387	32,505	32,899
Personal Income	Unavailable	\$ 1,208,348	\$ 1,201,678	\$ 1,175,034	\$ 1,153,893	\$ 1,156,335	\$ 1,143,920	\$ 1,079,047	\$ 1,043,887	\$ 1,032,201
Per Capita Personal Income	Unavailable	\$ 36,706	\$ 36,265	\$ 35,510	\$ 34,618	\$ 34,705	\$ 34,308	\$ 32,343	\$ 31,261	\$ 30,643
Unemployment Rate	6.2	6.8	7.1	7.8	8.4	9.5	10.4	10.0	9.5	6.9
West Baton Rouge Parish										
Population	26,265	25,795	25,490	25,085	24,555	24,068	24,079	23,788	22,638	22,629
Personal Income	Unavailable	\$ 1,138,207	\$ 1,126,270	\$ 1,068,397	\$ 989,079	\$ 962,447	\$ 950,567	\$ 897,855	\$ 857,352	\$ 850,931
Per Capita Personal Income	Unavailable	\$ 44,125	\$ 44,195	\$ 42,518	\$ 40,238	\$ 39,942	\$ 39,475	\$ 37,492	\$ 36,714	\$ 36,596
Unemployment Rate	4.6	5.3	5.6	5.8	6.2	7.0	7.8	7.9	6.7	4.9

Sources:

- 1 U.S. Census Bureau
- 2 U.S. Department of Commerce
- 3 U.S. Department of Labor

GREATER BATON ROUGE PORT COMMISSION
FULL-TIME EQUIVALENT EMPLOYEES
BY DEPARTMENT
LAST TEN FISCAL YEARS

(Unaudited)

	Full-time Equivalent Employees									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Executive	3	3	3	3	3	3	3	3	3	3
Finance & Administrative	5	5	5	5	3	3	4	5	5	5
Engineering & Security	15	14	13	14	14	14	16	17	16	17
Business Development	1	1	1	1	2	2	1	1	1	1
Governmental Affairs	1	1	-	-	-	-	-	-	-	-
Public Affairs	-	1	1	1	1	1	1	1	1	1
Total employees	25	25	23	24	23	23	25	27	26	27

Source: GBRPC Human Resources

GREATER BATON ROUGE PORT COMMISSION

TONNAGE COMPARISON
LAST TEN FISCAL YEARS

(Unaudited)

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Cargo Docks	4,248,537	650,161	313,214	159,371	177,469	171,839	223,039	256,978	36,366	146,563
Coke Handling Facility	949,571	842,046	794,450	797,815	588,404	531,875	823,025	772,829	422,527	1,104,710
Inland Rivers Marine Terminal	202,225	203,655	231,668	185,594	149,969	212,385	266,625	229,413	189,332	226,724
Midstream Buoys	-	-	-	-	-	46,855	-	-	-	-
Petroleum Terminal	1,820,939	2,110,845	2,517,724	2,976,558	2,071,525	1,101,552	1,289,332	1,896,890	1,737,768	2,444,888
Molasses Terminal	138,201	186,848	227,045	276,073	244,493	266,474	249,283	198,772	227,419	299,180
Grain Elevator	6,181,359	6,162,013	5,180,163	4,156,532	577,627	-	121,148	493,325	658,612	554,225
Miscellaneous Rental Facilities	554,575	291,429	341,511	729,478	453,938	452,811	315,089	324,416	399,387	499,633
Total	14,095,407	10,446,997	9,605,775	9,281,421	4,263,425	2,783,791	3,287,541	4,172,623	3,671,411	5,275,923

COMPLIANCE





PORT OF GREATER BATON ROUGE

COMPLIANCE

The diversification of the Port's cargo base and revenue streams and improved utilization of the marine infrastructure and assets continue to be the principal drivers of the Port's overall success and sustainability as a market leader among U.S. Gulf of Mexico ports.

Through the Port's maintenance and rehabilitation programs, state and federal grants, and private sector funding, our maritime infrastructure continues to be upgraded for maximum utilization for our existing customers and shippers. We continually evaluate market conditions, shipping trends, jobs created and the future needs of port users.

The Port maintains close working relationships with federal, state, local, and regional authorities and private sector stakeholders within the port jurisdiction to insure a vertically integrated approach to port growth, sustainability, and maritime security.

**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
Greater Baton Rouge Port Commission
Port Allen, 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 business-type activities of Greater Baton Rouge Port Commission (the Commission), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated May 14, 2018.

Internal Control over Financial Reporting

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

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

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

To the Board of Commissioners
Greater Baton Rouge Port Commission
May 14, 2018

Compliance and Other Matters

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

Purpose of this Report

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

May 14, 2018
New Orleans, Louisiana

Erickson Krentel ^{LLP}
Certified Public Accountants

GREATER BATON ROUGE PORT COMMISSION

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION I SUMMARY OF AUDIT RESULTS

1. The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the Greater Baton Rouge Port Commission.
2. No significant deficiencies in internal control relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the Greater Baton Rouge Port Commission were reported in the 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*.
4. No management letter was issued for the year ended December 31, 2017.

SECTION II FINANCIAL STATEMENT FINDINGS

There were no financial statement findings related to the year ended December 31, 2017.



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BATON ROUGE*

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