



**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Financial Reports

December 31, 2017



**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Financial Reports

December 31, 2017

Contents

Independent Auditor's Report	1 - 3
------------------------------	-------

Required Supplementary Information (Part I)

Management's Discussion and Analysis	5 - 10
--------------------------------------	--------

Basic Financial Statements

Enterprise Fund Financial Statements	
Statements of Net Position	12 - 13
Statements of Activities	14
Statements of Cash Flows	15
Notes to Financial Statements	16 - 44

Required Supplementary Information (Part II)

Budgetary Comparison Schedule – Enterprise Fund	46
Schedule of Proportionate Share of Net Pension Liabilities	47
Schedule of Contributions to Pension Plans	48
Schedule of Funding Progress – Other Postemployment Benefits (OPEB)	49

Other Supplementary Information

Schedule of Compensation Paid to Governing Board	51
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	52

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	53 - 54
---	---------

Schedule of Findings and Responses	55
------------------------------------	----

Schedule of Prior Audit Findings	56
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Independent Auditors' Report

Board of Commissioners
Greater Lafourche Port Commission
Cut Off, Louisiana

We have audited the accompanying financial statements of the Greater Lafourche Port Commission (the Commission), as of and for the years ended December 31, 2017 and 2016, 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.

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Greater Lafourche Port Commission as of December 31, 2017 and 2016, and the respective changes in financial position, and cash flows thereof for the years 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, budgetary comparison schedule – enterprise fund, schedule of proportionate share of net pension liabilities, schedule of contributions to pension plans and schedule of funding progress – other postemployment benefits (OPEB) on pages 5 through 10 and 46 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Greater Lafourche Port Commission's basic financial statements. The schedule of compensation paid to governing board and the schedule of compensation, benefits and other payments to agency head or chief executive officer on pages 51 and 52 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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 schedule of compensation paid to governing board and the schedule of compensation, benefits and other payments to agency head or chief executive officer are fairly stated, in all material respects, in relation to the financial statements as a whole.

Prior Period Financial Statements

The Commission's financial statements, as of December 31, 2016, were audited by other auditors who have ceased operations, whose report, dated May 15, 2017, expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2018 on our consideration of the Greater Lafourche Port Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Greater Lafourche Port Commission's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Houma, LA
June 11, 2018

**REQUIRED SUPPLEMENTARY INFORMATION (PART I)
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA
Management's Discussion and Analysis**

For the Year Ended December 31, 2017

INTRODUCTION

This introductory section of the Greater Lafourche Port Commission's (GLPC's) annual financial report presents a narrative overview and analysis of the GLPC's financial performance for the fiscal year ended December 31, 2017, with comparative information for the fiscal year ended December 31, 2016. The discussion is intended to assist the readers in focusing on the significant financial issues and activities of the GLPC and to identify any significant changes in financial position. We encourage readers to consider the information contained in this discussion in conjunction with the GLPC's audited financial statements and associated notes to the financial statements.

FINANCIAL HIGHLIGHTS

- **Assets and Deferred Outflows of Resources** exceeded **Liabilities and Deferred Inflows of Resources** at the close of the year by \$277.6 million, which is reported as the GLPC's **Net Position**. This is an 3.7% increase over 2016.
- **Operating Revenues** decreased by 5.2%, amounting to \$26.1 million.
- **Operating Profits** were \$4.9 million resulting in a strong **Operating Profit Margin** of 18.9%.
- **Change in Net Position Before Capital Contributions, Special Items and Extraordinary Items** was \$9.3 million as compared to \$9.2 million in 2016.
- **Capital Contributions** for the year were \$798,000 and compared to \$260,000 in 2016.
- **Grants for Operating & Maintenance Projects** were \$115,000.

EXPLANATION OF THE FINANCIAL STATEMENTS

This discussion is to introduce the GLPC's financial statements. Since the GLPC charges public customers for the services it provides, its activities are required to be reported as a proprietary fund and specifically in an enterprise fund format. Enterprise funds utilize accrual accounting, which is the same method used by private sector businesses. Accrual accounting means that financial activities are reported as soon as the underlying events take place regardless of the timing of related cash flows. The basic financial statements also include notes essential to a full understanding of the statements.

The "Statement of Net Position" presents information on all GLPC's assets and liabilities, with the difference reported as Net Position. The "Statement of Activities" shows how the GLPC's net assets changed during the fiscal year. The "Statement of Cash Flows" represents cash and cash equivalent activity for the fiscal year resulting from operating, financing, and investing activities.

Taken together, these three financial statements demonstrate how the GLPC's Net Position has changed. Net Position is one way of assessing the GLPC's current financial condition. Increases or decreases in Net Position are good indicators of whether the GLPC's financial health is improving or deteriorating over time.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA
Management's Discussion and Analysis**

For the Year Ended December 31, 2017

FINANCIAL STATEMENTS

Statement of Net Position

	<u>2017</u>	<u>2016</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<i>Assets:</i>				
Current Assets	\$ 106,066,282	\$ 99,809,005	\$ 6,257,277	6.3%
Capital Assets, Net	198,694,489	196,623,112	2,071,377	1.1%
Total Assets	<u>304,760,771</u>	<u>296,432,117</u>	8,328,654	2.8%
Deferred Outflows of Resources	709,218	1,591,472	(882,254)	-55.4%
<i>Liabilities:</i>				
Current Liabilities	15,443,956	17,073,692	(1,629,736)	-9.5%
Noncurrent Liabilities	11,919,879	13,112,225	(1,192,346)	-9.1%
Total Liabilities	<u>27,363,835</u>	<u>30,185,917</u>	(2,822,082)	-9.3%
Deferred Inflows of Resources	545,885	256,557	289,328	112.8%
<i>Net Position:</i>				
Invested in Capital Assets (Net of Related Debt)	198,694,489	196,623,112	2,071,377	1.1%
Unrestricted	78,865,780	70,958,003	7,907,777	11.1%
Total Net Position	<u>\$ 277,560,269</u>	<u>\$ 267,581,115</u>	\$ 9,979,154	3.7%

The GLPC's current ratio is 6.9, which means that it has nearly seven times the amount of current resources available to meet its obligations coming due within the next fiscal year. A current ratio above 1.0 is a sign of good financial viability.

Of the \$15.4 million of current liabilities, \$13.4 million or 87% are revenues paid in advance from port lessees that have not yet been earned based on the accrual method of accounting. These liabilities are not owed or refundable upon termination/default of lessees.

Noncurrent liabilities are made up of three components. First, accrued compensated absences are slightly less than \$266,000. Second, other post-employment benefits liability is approximately \$3.7 million. The third component of noncurrent liabilities is net pension liability which is approximately \$7.9 million. As of December 31, 2015, the Commission was required to implement GASB 68, *Accounting and Financial Reporting for Pensions*. The objective of GASB 68 is to provide the users of the financial statements with information about the net pension liability and the resources available to satisfy the pension liability. Most of the Commission's employees are currently enrolled in the Louisiana State Employees' Retirement System (LASERS). In addition, the Commission has one active employee currently enrolled in the Teachers' Retirement System of Louisiana (TRSL).

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA
Management's Discussion and Analysis**

For the Year Ended December 31, 2017

The current year liability for employees enrolled in the LASERS and TRSL is approximately \$7.8 million and \$126,000, respectively. The changes in net pension liability each year are recorded in the deferred inflows and outflows of resources.

The largest component of the GLPC's Net Position (\$198.7 million or 72% of \$277.5 million) reflects its investment in capital assets (e.g. land, buildings, improvements, equipment, and construction-in-progress). The remaining \$79 million or about 28% are unrestricted net assets and may be used at the GLPC's discretion in accordance with its enabling legislation.

Statement of Activities

	<u>2017</u>	<u>2016</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<i>Operating Revenues:</i>				
Leases	\$ 24,564,618	\$ 25,763,735	\$(1,199,117)	-4.7%
Fuel and retail sales	384,707	417,806	(33,099)	-7.9%
Other	1,113,006	1,303,933	(190,927)	-14.6%
Total Operating Revenues	26,062,331	27,485,474	(1,423,143)	-5.2%
<i>Operating Expenses:</i>				
Personnel Services	4,632,495	5,457,869	(825,374)	-15.1%
Maintenance, Supplies, & Operation of Facilities	2,878,978	5,106,363	(2,227,385)	-43.6%
Lease Expense - Port Fourchon	4,115,266	3,917,182	198,084	5.1%
Fuel and retail items	239,471	238,042	1,429	0.6%
Other Operating Expenses	1,852,181	1,551,386	300,795	19.4%
Depreciation	7,422,174	7,386,681	35,493	0.5%
Total Operating Expense	21,140,565	23,657,523	(2,516,958)	-10.6%
Operating Profit/(Loss)	4,921,766	3,827,951	1,093,815	28.6%
<i>Non-Operating Income (Expense):</i>				
Ad Valorem Taxes (Net of Tax Assessor's Settlement & Pension Fund)	3,479,577	4,373,014	(893,437)	-20.4%
<i>Intergovernmental Revenue:</i>				
State Revenue Sharing	35,518	35,526	(8)	0.0%
Non-Capital Grants	114,594	688,950	(574,356)	-83.4%
Investment Income	730,005	345,774	384,231	111.1%
Emergency Repair Projects	(74,849)	-	(74,849)	-100.0%
Gain/(Loss) on Disposal of Fixed Assets	45,137	(26,161)	71,298	-272.5%
Other Miscellaneous Income (Expense)	4,048	(6,440)	10,488	-162.9%
Net Non-Operating Income (Expense)	4,334,030	5,410,663	(1,076,633)	-19.9%
Net Income before Capital Grants, Special, & Extraordinary Items	9,255,796	9,238,614	17,182	0.2%
Capital Grants	798,022	260,209	537,813	206.7%
Special Items	(158,680)	(267,369)	108,689	-40.7%
Extraordinary Items	84,016	-	84,016	100.0%
Change in Net Position	9,979,154	9,231,454	747,700	8.1%
Net Position-Beginning of Year	267,581,115	258,349,661	9,231,454	3.6%
Net Position-End of Year	<u>\$277,560,269</u>	<u>\$267,581,115</u>	<u>\$ 9,979,154</u>	3.7%

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA
Management's Discussion and Analysis**

For the Year Ended December 31, 2017

Operating revenues from seaport and airport leases are the GLPC's primary means of funding its ongoing operations. Lease revenues are generated from land and improvements that are either owned directly by the GLPC or leased to the GLPC by third party landowners. Lease revenue decreased by 4.7% mostly attributed to advanced and improvement rent reductions.

Operating expenses are costs borne by the GLPC in providing to the public operations and maintenance of seaport and airport properties, harbor police security, and general administration services. Operating expenses decreased \$2.5 million or about 10.6% over 2016. Most of this decrease is due to the maintenance dredge done in the prior year on Flotation Canal, costing approximately \$2 million. Although operating revenue decreased by \$1.4 million, the 2017 operating profit increased by \$1.1 million equating to a healthy 18.9% operating profit margin.

Non-operating income and expenses are items that are not derived from normal port activities such as the collection of ad valorem (property) taxes, financing & investment activities, and emergency repairs such as damages caused by hurricanes. Net ad valorem tax receipts were \$3.5 million. Investment income of \$730,000 was comprised of three components. The first included \$814,000 of interest earned on invested funds, while the second was \$7,000 interest received from the collection of past due ad valorem taxes. The third component was a \$91,000 loss on bond investments that would only be realized if the bonds were sold before maturity.

Special Items are significant costs of non-operational projects *within* management's control but are either unusual in nature or infrequent in occurrence. In 2017, the commission chose to participate in sharing costs with the Lafourche Parish Government for an Airport Access Road Corridor Study in the amount of \$100,000 and \$39,000 for cost associated with the cooperative endeavor agreement between GLPC and the Louisiana Department of Transportation and Development for the LA1 Phase 2 Leeville Mitigation Dredge project.

Emergency repair projects are significant construction, engineering and other cost and the associated grants that are due to acts of nature. In 2017, Emergency Repair Projects totaled \$75,000, mostly consisting of \$74,000 for engineering of Geotube Beach Repair Project.

Extraordinary Items are significant costs & reimbursements *outside* of management's control and are either unusual in nature or infrequent in occurrence. In 2017, Extraordinary Items totaled \$84,000, mostly consisting of \$79,000 in liquated damages, received by GLPC for the Slip C 950' west bulkhead and dredge project.

In summary, the 2017 Change in Net Position is a positive \$9.9 million as compared to 2016's \$9.2 million positive change. This increase is primarily attributable to a decrease in operating expenses for the dredging of the Flotation Canal in the prior year.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA
Management's Discussion and Analysis**

For the Year Ended December 31, 2017

Capital Assets, Net	<u>2017</u>	<u>2016</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Land	\$ 4,593,307	\$ 4,593,307	\$ -	0.0%
Buildings	8,160,369	8,354,959	(194,590)	-2.3%
Improvements	172,144,425	170,109,657	2,034,768	1.2%
Equipment	4,892,677	5,928,995	(1,036,318)	-17.5%
Subtotal	189,790,778	188,986,918	803,860	0.4%
Construction in Progress	8,903,711	7,636,194	1,267,517	16.6%
Total	<u>\$ 198,694,489</u>	<u>\$ 196,623,112</u>	<u>\$ 2,071,377</u>	1.1%

New additions to GLPC's capital assets totaled \$8.3 million. \$7.8 million of these were project costs completed and closed out of Construction in Progress while \$511,000 was purchased directly and capitalized. Ninety-nine percent of this year's closed projects are as follows:

• Northern Expansion Slip C West Bulkhead 950 Linear Feet	\$6,180,721
• Northern Expansion GLF 625 Site Improvements	953,501
• Northern Expansion Slip C West 950 Linear Feet Sweep Dredge	438,771
• <u>Airport Maintenance Shop Addition</u>	<u>115,308</u>
Total of 99%	<u>\$7,688,301</u>

Ninety-one percent of the remaining \$8.9 million of construction projects in progress are:

• Northern Expansion Slip C West Bulkhead 939 Linear Feet	\$4,519,196
• Mitigation Dredging of Slip D (Northern Expansion Slip D Dredge Phase 1)	1,059,959
• Northern Expansion Slip C East Bulkhead 1671 Linear Feet	880,209
• Northern Expansion Slip D Fill	452,067
• Runway and Taxiway Lighting Improvement	434,923
• Minor Chermie Sr. Road Base East of Slip C	430,582
• <u>Northern Expansion Fill Area Part A Development</u>	<u>322,902</u>
Total of 91%	<u>\$8,099,838</u>

The GLPC has no bond debt.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA
Management's Discussion and Analysis**

For the Year Ended December 31, 2017

Budgetary Highlights

2018 Budget

Operating revenues are expected to increase by \$2 million or more than 7% over 2017 actuals. This increase is anticipated despite GLPC decision to continue the 20% discount in basic rent for 2018. The increase can be attributed to increased escalation and new lease agreements. Overall, operating expenses versus 2017 actual are expected to decrease by about \$4 million (or 19%). Most of this decrease is due to prior year non-recurring expense projects such as \$2.4 million for the Seaport Deep Draft Feasibility Study and \$360,000 for other various projects.

Capital construction budget dollars of \$31.8 million are expected to produce 2,610 linear feet of new operational bulkhead in the Northern Expansion Slip C development, sweep dredging of Slip C, Minor Chermie Road, South Lafourche Industrial Park development, runway and taxiway lighting improvements, airport access road culvert improvements, and airfield drainage improvements. To assist in these capital construction projects, \$17.6 million is expected in grant funding from outside sources.

Non-operating budget items include \$3.9 million from ad valorem taxes and \$665,000 for interest earned.

Cash and investments are projected to decrease from \$100 million to \$94 million at the end of 2018 primarily due to GLPC's self-funded capital growth. This is a conscious strategic investment toward future years' revenue generation.

REQUESTS FOR INFORMATION

This financial report is designed to provide our taxpayers, tenants, and creditors with a general overview of the GLPC's finances and to demonstrate accountability to each of these groups. Questions concerning any information included in this report should be addressed to Director of Finance, Greater Lafourche Port Commission, 16829 East Main Street, Cut Off, LA 70345.

**BASIC FINANCIAL STATEMENTS
ENTERPRISE FUND FINANCIAL STATEMENTS**

GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA
Statements of Net Position
Enterprise Fund
December 31, 2017 and 2016

	2017	2016
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 81,192,006	\$ 70,415,591
Investments, at Market Value	18,798,266	19,115,073
Receivables		
Grants Receivable from Other		
Government Units	391,088	4,090,360
Ad Valorem Taxes	3,642,408	4,358,297
Lease Rentals	270,361	256,551
State Revenue Sharing	35,518	35,527
Accrued Interest	77,342	37,958
Other	95,693	57,033
Prepaid Lease Expense	366,107	346,576
Prepaid Insurance	237,272	191,180
Prepaid Materials	689,535	689,535
Fuel Inventory	16,868	8,972
Other Prepaid Accounts	253,818	206,352
Total Current Assets	106,066,282	99,809,005
Noncurrent Assets		
Capital Assets		
Property, Plant, and Equipment	274,991,355	266,062,691
Less Accumulated Depreciation	(76,296,866)	(69,439,579)
Capital Assets, Net	198,694,489	196,623,112
Total Noncurrent Assets	198,694,489	196,623,112
Total Assets	304,760,771	296,432,117
Deferred Outflows of Resources		
Deferred Outflows - Pensions	709,218	1,591,472
Total Deferred Outflows of Resources	709,218	1,591,472

The accompanying notes are an integral part of these financial statements.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA
Statements of Net Position (Continued)
Enterprise Fund
December 31, 2017 and 2016**

	2017	2016
Liabilities		
Current Liabilities		
Accounts Payable	\$ 2,015,005	\$ 1,602,646
Unearned Lease Revenue		
Advance Payment of Leases	13,428,951	15,471,046
	<hr/>	<hr/>
Total Current Liabilities	15,443,956	17,073,692
	<hr/>	<hr/>
Noncurrent Liabilities		
Accrued Compensated Absences	265,745	249,912
Other Post-Employment Benefits	3,744,101	3,489,054
Net Pension Liabilities	7,910,033	9,373,259
	<hr/>	<hr/>
Total Noncurrent Liabilities	11,919,879	13,112,225
	<hr/>	<hr/>
Total Liabilities	27,363,835	30,185,917
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Deferred Inflows of Resources		
Deferred Inflows - Pensions	545,885	256,557
	<hr/>	<hr/>
Total Deferred Inflows of Resources	545,885	256,557
	<hr/>	<hr/>
Net Position		
Net Investment In Capital Assets	198,694,489	196,623,112
Unrestricted	78,865,780	70,958,003
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Total Net Position	\$ 277,560,269	\$ 267,581,115
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The accompanying notes are an integral part of these financial statements.

GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA
Statements of Activities
Enterprise Fund
For the Years Ended December 31, 2017 and 2016

	2017	2016
Operating Revenues		
Lease Rental	\$ 24,564,618	\$ 25,763,735
Fuel and Retail Sales	384,707	417,806
Other User Fees	1,113,006	1,303,933
Total Operating Revenue	26,062,331	27,485,474
Operating Expenses		
Personnel Services	4,632,495	5,457,869
Maintenance, Supplies, and Operation of Facilities	2,878,978	5,106,363
Lease Expense - Port Fourchon	4,115,266	3,917,182
Fuel and Retail Items	239,471	238,042
Other Operating Expense	1,852,181	1,551,386
Depreciation and Amortization	7,422,174	7,386,681
Total Operating Expenses	21,140,565	23,657,523
Operating Income	4,921,766	3,827,951
Nonoperating Revenues (Expenses)		
Ad Valorem Taxes (Net of Tax Assessor's Settlement and Pension Fund)	3,479,577	4,373,014
Intergovernmental Revenues		
State Revenue Sharing	35,518	35,526
Noncapital Grants	114,594	688,950
Investment Income	730,005	345,774
Emergency Repair Projects	(74,849)	-
Gain (Loss) on Disposal of Fixed Assets	45,137	(26,161)
Other Income (Loss)	4,048	(6,440)
Net Nonoperating Revenues	4,334,030	5,410,663
Change In Net Position Before Capital Contributions, Special Items and Extraordinary Items	9,255,796	9,238,614
Capital Contributions	798,022	260,209
Extraordinary Items	84,016	-
Special Items	(158,680)	(267,369)
Change in Net Position	9,979,154	9,231,454
Net Position, Beginning of Year	267,581,115	258,349,661
Net Position, End of Year	\$ 277,560,269	\$ 267,581,115

The accompanying notes are an integral part of these financial statements.

GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA
Statements of Cash Flows
Enterprise Fund
For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Cash Received from Operations	\$ 23,967,766	\$ 23,445,456
Cash Paid to Employees and Employee Benefits	(4,924,139)	(4,871,933)
Payments for Goods and Services	(9,045,474)	(10,513,434)
Net Cash Provided by Operating Activities	9,998,153	8,060,089
Cash Flows from Noncapital Financing Activities		
Tax Receipts Collected by Other Governments	4,195,466	4,351,569
Operating Grants Received from Other Governments	295,017	1,474,701
Net Cash Provided by Noncapital Financing Activities	4,490,483	5,826,270
Cash Flows from Capital and Related Financing Activities		
Capital Grants Collected	4,356,446	6,158,942
Payments for Capital Acquisitions	(8,984,082)	(12,627,737)
Special Items	(158,680)	(267,369)
Emergency Repair Projects	(74,849)	-
Extraordinary Items	84,016	-
Net Cash Used in Capital and Related Financing Activities	(4,777,149)	(6,736,164)
Cash Flows from Investing Activities		
Proceeds from Sale of Property and Equipment	57,500	19,196
Proceeds from Sale and Maturities of Investments	5,225,733	10,989,851
Purchases of Investments	(4,999,998)	(16,185,371)
Receipts of Interest	781,693	396,696
Net Cash Provided by (Used in) Investing Activities	1,064,928	(4,779,628)
Net Change in Cash and Cash Equivalents	10,776,415	2,370,567
Cash and Cash Equivalents, Beginning of Year	70,415,591	68,045,024
Cash and Cash Equivalents, End of Year	\$ 81,192,006	\$ 70,415,591
Reconciliation of Operating Income to Net Cash Flows from Operating Activities		
Operating Income	\$ 4,921,766	\$ 3,827,951
Add Depreciation Expense	7,422,174	7,386,681
(Increase) Decrease in Current Assets		
Rent Receivables	(13,810)	(115,307)
Prepaid Expenses	(113,089)	(217,125)
Prepaid Materials and Inventory	(7,896)	6,028
Miscellaneous Receivables	(38,660)	50,956
Increase (Decrease) in Current Liabilities		
Operating Accounts Payable and Accrued Expenses	161,407	510,636
Advance Payment of Leases	(2,042,095)	(3,975,667)
Accrued Pension Expense in Excess of Contributions	(291,644)	585,936
Net Cash Provided by Operating Activities	\$ 9,998,153	\$ 8,060,089

The accompanying notes are an integral part of these financial statements.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The financial statements of the Greater Lafourche Port Commission (Commission) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Commission's more significant accounting policies are described below.

Reporting Entity

The Greater Lafourche Port Commission (Commission) was created under Louisiana Revised Statute 34:1651 with a nine member board elected for a term of six (6) years. The Commission has been empowered to regulate the commerce and traffic within the port area; to promote commerce within the area through the construction, acquisition and maintenance of wharves, docks, sheds, landings and waterways; to provide police protection and services for its facilities; and to lease its facilities to all types of commercial transportation, storage, and shipping industries. The Commission also sponsors the Leonard Miller Jr. Airport in Cut Off. Through this sponsorship, the Commission is responsible for the maintenance and operation of the airport.

This report includes all funds which are controlled by the Commission. The Commission is financially independent and is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Commission.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Commission uses proprietary fund accounting to report on its financial position and results of operations. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

Proprietary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of activities present increases (e.g., revenues) and decreases (e.g., expenses) in net position. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating income reported in the financial statements includes revenues and expenses related to the primary, continuing operations of the Commission. Principal operating revenues are charges to tenants for rent and utilities in connection with the operation of the seaport and airport facilities. Principal operating expenses are lease payments to landowners, maintenance of port facilities, the costs of providing police patrols and protective services to tenants, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

**Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)**

When both restricted and unrestricted revenues are available for use, the Commission's policy is to use restricted revenues first, then unrestricted revenues as they are needed.

Net position is reported in three classifications as follows:

Net investment in capital assets: Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Commission has no debt attributable to its capital assets.

Restricted: Consists of components of net position on which constraints are imposed by creditors (such as through debt covenants), contributors, laws or regulations of other governments, or through constitutional provisions or enabling legislation. The Commission had no restricted net position at December 31, 2017 or 2016.

Unrestricted: Consists of all components of net position that do not meet the definition of "restricted" or "net investment in capital assets."

Estimates

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

Budgetary Accounting

Budgetary practices include public notice of the proposed budgets, public inspection of the proposed budget and public hearings on the budgets. Budgets are prepared based on a flow of economic resources measurement focus as explained above. Budgetary control is exercised at the fund level.

Budgeted amounts included in the accompanying financial statements include original adopted budget amounts and all subsequent amendments. Amendments to the budget must be approved by the Board of Commissioners. Budget amounts which are not expended lapse at year end.

Encumbrance accounting is not utilized by the Commission.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposit accounts and investments in the Louisiana Asset Management Pool (LAMP), which are stated at cost.

LAMP is administered by LAMP, Inc., a not-for-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and state-wide professional organizations. Only local governments within Louisiana may have an investment interest in LAMP's pool of assets. The LAMP portfolio includes only securities and other obligations permitted as investments for local governments under state law. The dollar weighted average portfolio maturity of LAMP assets are 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.

Louisiana state statutes, as stipulated in R.S. 39:1271, authorize the Commission to invest in United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. The state statutes also authorize the Commission to invest in any other federally insured investment, or in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies. Investing is performed in accordance with investment policies complying with state statutes and those adopted by the Board of Commissioners.

Investments are stated at market value. Increases or decreases in the market value of investments are included as a component of investment income.

Receivables

All receivables are recorded at their gross value and when appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the current period are recorded as prepaid expenses.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets

Property constructed or acquired by purchase is stated at cost or estimated historical cost if actual historical cost is not available. General infrastructure assets acquired prior to January 1, 2004 consist of the road network and bridge assets that were acquired or that received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical cost using deflated replacement cost. Net interest costs are capitalized on major construction projects during the construction period. No interest was incurred and capitalized for the years ended December 31, 2017 and 2016. Donated assets are valued at estimated fair value at the time of donation.

The costs of normal maintenance, dredging and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of related capital assets, as applicable.

Depreciation is computed using the straight-line method over the following useful lives:

Buildings and Marine Construction	10 to 40 Years
Infrastructure Roads	40 Years
Infrastructure Bridges	50 Years
Machinery and Equipment	5 to 10 Years
Furniture and Fixtures	5 to 20 Years

Interest Receivable

Interest receivable on investments and time deposits is recorded as revenue in the year the interest is earned.

Ad Valorem Taxes and Revenue Sharing

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed except for taxes paid under protest which are recorded in the year available. Delinquent taxes considered to be uncollectible are not recorded as revenues, consequently, no allowance for uncollectible taxes is considered necessary.

Ad valorem taxes are assessed on a calendar year basis, become due November 15th of each year and become delinquent on December 31st. The taxes are generally collected in December of the current year.

State revenue sharing monies are generally received by the Commission on the 15th day of December in the year of determination and the 15th day of April and June of the subsequent year in equal installments.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Compensated Absences

The Commission employees accumulate unlimited amounts of annual and sick leave at varying rates as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused sick leave is credited as earned service in computing retirement benefits.

At December 31, 2017 and 2016, \$265,745 and \$249,912, respectively, have been recorded as a long-term liability which represents that portion of estimated leave which will be taken or reimbursed after the balance sheet date.

Statements of Cash Flows

All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the date of purchase, they have a maturity date no longer than three months.

Note 2. Cash and Cash Equivalents

Cash and cash equivalents consist of the following at December 31:

	<u>Carrying Amount</u>	
	<u>2017</u>	<u>2016</u>
Cash and Demand Deposits	\$ 24,055,109	\$ 54,100,437
Units in Louisiana Asset Management Pool	57,136,897	16,315,154
Total Cash and Cash Equivalents	\$ 81,192,006	\$ 70,415,591

Custodial credit risk for deposits is the risk that in the event of a failure of a depository institution, the Commission may not recover its deposits or the securities pledged as collateral by a third-party custodian. Commission policy and state law require all deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. At December 31, 2017, there were no bank deposits subject to custodial credit risk.

Units of LAMP represent an undivided fractional interest in each of the securities held by LAMP. Securities held by LAMP include only debt securities issued, guaranteed or otherwise backed by the U.S. Treasury, the government of the United States, or an agency, enterprise or instrumentality thereof, and repurchase agreements collateralized by such securities.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 3. Ad Valorem Taxes and Tax Abatement Agreements

The Commission's authorized and levied ad valorem millage rates for 2017 and 2016 were 6.54 mills. Total taxes levied for the years ended December 31, 2017 and 2016 were \$3,929,458 and \$4,590,782, respectively.

The State of Louisiana grants exemptions (tax abatements) from ad valorem taxes to manufacturers under criteria established by the Louisiana Department of Economic Development. Under these tax abatement agreements, qualifying buildings and equipment are exempt from ad valorem taxes for a period of 10 years. As a result of these tax abatement agreements, the Commission's ad valorem tax revenues were reduced by \$67,182 and \$125,712, for the years ended December 31, 2017 and 2016, respectively.

Note 4. Investments and Fair Value Measurements

Investments are carried at market value and include certificates of deposit with original maturities of three months or more. At December 31, 2017 and 2016, the Commission had investments with maturities as follows:

2017	Fair Value	Maturities (in Years)	
		Less Than 1	1 to 3
Investment Type			
Certificates of Deposit	\$ 800,000	\$ 800,000	\$ -
US Government Instrumentality Bonds	17,998,266	-	17,998,266
Total	\$ 18,798,266	\$ 800,000	\$ 17,998,266

2016	Fair Value	Maturities (in Years)	
		Less Than 1	1 to 3
Investment Type			
Certificates of Deposit	\$ 1,040,000	\$ 1,040,000	\$ -
US Government Instrumentality Bonds	18,075,073	-	18,075,073
Total	\$ 19,115,073	\$ 1,040,000	\$ 18,075,073

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. Level 1 inputs are quoted market prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 4. Investments and Fair Value Measurements (Continued)

The Commission has the following recurring fair value measurements as of December 31, 2017:

- Certificates of Deposit totaling \$800,000 and U.S. Government Instrumentality Bond obligations totaling \$989,140 are valued using quoted market prices (Level 1 inputs).
- U.S. Government Instrumentality Bond obligations totaling \$17,009,126 are valued using market prices for similar securities (Level 2 inputs).

Investments are subject to various risks, the following of which are considered the most significant:

Interest Rate Risk. The Commission's investment policy limits investment maturities to no more than three years as a means of managing its exposure to fair value losses resulting from rising interest rates.

Custodial Credit Risk – Certificates of Deposit. Custodial credit risk is the risk that in the event of the failure of the counterparty, the Commission would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2017, no certificates of deposit were subject to custodial credit risk.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Commission does not have a specific policy related to credit risk, but it manages such risk by complying with state law regarding the types of investments it can hold.

Concentrations of Credit Risk. The Commission places no limit on the amount it may invest in any one issuer. Investments of a single issuer representing more than 5 percent of the Commission's total investments at December 31, 2017 are as follows:

Investment Type	Issuer	%
US Government Instrumentality	Federal Home Loan Bank	26.0
US Government Instrumentality	Federal Home Loan Mortgage Corp.	37.0
US Government Instrumentality	Federal National Mortgage Association	27.0

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 5. Capital Assets

A summary of changes in capital assets for the years ended December 31, 2017 and 2016 follows:

	Balance 12/31/2016	Additions	Deletions and Transfers	Balance 12/31/2017
Assets Being Depreciated				
Buildings	\$ 11,685,778	\$ 115,307	\$ -	\$ 11,801,085
Port Facilities and Improvements	228,172,324	7,815,442	-	235,987,766
Furniture and Office Equipment	1,825,291	81,593	14,773	1,892,111
Vehicles, Boats, and Field Equipment	12,149,797	250,926	587,348	11,813,375
	<u>253,833,190</u>	<u>8,263,268</u>	<u>602,121</u>	<u>261,494,337</u>
Less Accumulated Depreciation	(69,439,579)	(7,449,836)	(592,549)	(76,296,866)
Assets Being Depreciated, Net	<u>184,393,611</u>	<u>813,432</u>	<u>9,572</u>	<u>185,197,471</u>
Assets Not Being Depreciated				
Land	4,593,307	-	-	4,593,307
Construction in Progress	7,636,194	9,020,051	7,752,534	8,903,711
Subtotal	<u>12,229,501</u>	<u>9,020,051</u>	<u>7,752,534</u>	<u>13,497,018</u>
Total Capital Assets, Net	<u>\$ 196,623,112</u>	<u>\$ 9,833,483</u>	<u>\$ 7,762,106</u>	<u>\$ 198,694,489</u>
<hr/>				
	Balance 12/31/2015	Additions	Deletions and Transfers	Balance 12/31/2016
Assets Being Depreciated				
Buildings	\$ 11,685,778	\$ -	\$ -	\$ 11,685,778
Port Facilities and Improvements	218,681,044	9,491,280	-	228,172,324
Furniture and Office Equipment	1,855,394	53,767	83,870	1,825,291
Vehicles, Boats, and Field Equipment	11,921,250	383,266	154,719	12,149,797
	<u>244,143,466</u>	<u>9,928,313</u>	<u>238,589</u>	<u>253,833,190</u>
Less Accumulated Depreciation	(62,205,354)	(7,427,458)	(193,233)	(69,439,579)
Assets Being Depreciated, Net	<u>181,938,112</u>	<u>2,500,855</u>	<u>45,356</u>	<u>184,393,611</u>
Assets Not Being Depreciated				
Land	4,593,307	-	-	4,593,307
Construction in Progress	5,468,846	11,281,299	9,113,951	7,636,194
Total Assets Not Being Depreciated	<u>10,062,153</u>	<u>11,281,299</u>	<u>9,113,951</u>	<u>12,229,501</u>
Total Capital Assets, Net	<u>\$ 192,000,265</u>	<u>\$ 13,782,154</u>	<u>\$ 9,159,307</u>	<u>\$ 196,623,112</u>

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 5. Capital Assets (Continued)

Depreciation on capital assets was \$7,449,836 for the year ended December 31, 2017, of which \$27,662 was capitalized and \$7,422,174 was charged to expense, and \$7,427,458 for the year ended December 31, 2016, of which \$40,777 was capitalized and \$7,386,681 was charged to expense.

Note 6. Leases (as Lessee)

The Commission leases the land on which Port Fourchon Industrial Park is built from four landowners under operating leases expiring in various years through 2046. The leases are structured to have a minimum amount of base rent with additional amounts payable as contingent rentals based on sublease rentals received by the Commission.

Minimum rental payments of approximately \$616,069 and \$561,732 were included in lease expense of \$4,115,266 and \$3,917,182 for the years ended December 31, 2017 and 2016, respectively.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2017 for each of the next five years and thereafter are as follows:

Year Ending December 31,	Amount
2018	\$ 415,693
2019	432,321
2020	345,624
2021	104,945
2022	106,303
Thereafter	<u>1,843,384</u>
Total Minimum Future Rental Payments	<u>\$ 3,248,270</u>

Total minimum future rental payments have not been reduced by sublease rentals to be received in the future under non-cancelable subleases.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 7. Port Lease Rentals (as Lessor)

The Commission leases sites situated on Port Fourchon to businesses operating primarily in the oil and gas and seafood industries. The number of lessees as of December 31, 2017 and 2016 was 98 and 95, respectively. The Commission received 33% and 29% of its lease revenues from one lessee for the years ended December 31, 2017 and 2016, respectively. In general, lease contracts state that in each year of the primary term or any extended option term, rental payments to GLPC shall escalate at rates varying from 2% to 5% of the rental paid in the preceding year, unless other arrangements are negotiated.

Based on existing leases at December 31, 2017, minimum lease rentals on non-cancelable leases to be received over the next five years are as follows:

Year Ending December 31,	Amount
2018	\$ 8,064,319
2019	2,560,808
2020	2,548,245
2021	2,566,197
2022	1,108,040
Thereafter	<u>3,074,790</u>
Total	<u>\$ 19,922,399</u>

Note 8. Pension Plans

The Commission's employees are provided with benefits through the following multiple-employer cost-sharing plans:

- Louisiana State Employees' Retirement System (LASERS) provides retirement benefits to eligible state employees.
- Teachers' Retirement System of Louisiana (TRSL) provides retirement benefits to other eligible employees.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 8. Pension Plans (Continued)

General information about the Plans:

Louisiana State Employees' Retirement System (LASERS)

Plan Description

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

Benefits Provided

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

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

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

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 8. Pension Plans (Continued)

Benefits Provided (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 at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans.

Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

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

Members in the Harbor Police Retirement System who were members prior to July 1, 2014, may retire after 25 years of creditable service at any age, 12 years of creditable service at age 55, 20 years of creditable service at age 45, and 10 years of creditable service at age 60. Average compensation for the plan is the member's average annual earned compensation for the highest 36 consecutive months of employment with a 3.33% accrual rate.

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 but generally is ten years of service.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 8. Pension Plans (Continued)

Benefits Provided (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 member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account.

Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

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

For members who are in the Harbor Police Plan, the annual DROP interest rate is the three-year average (calculated as the compound average of 36 months) investment return of the plan assets for the period ending June 30 immediately preceding that given date. The average rate so determined is to be reduced by a "contingency" adjustment, but not below zero. DROP interest is forfeited if member does not cease employment after DROP participation.

Disability Benefits - All 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.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 8. Pension Plans (Continued)

Benefits Provided (Continued)

Members of the Harbor Police Retirement System who become disabled may receive non-line of duty disability benefit after five years or more of credited service. Members age 55 and older may receive a disability benefit equivalent to the regular retirement benefit. Under age 55, the disability benefit is equal to 40% of final average compensation. Line of duty disability benefits are equal to 60% of final average compensation, regardless of years of credited service. If the disability benefit retiree is permanently confined to a wheelchair, or is an amputee incapable of serving as a law enforcement officer, or the benefit is permanently legally binding, there is no reduction to the benefit if the retiree becomes gainfully employed

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

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service 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, two years 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.

Non-line of duty survivor benefits of the Harbor Police Retirement System may be received after a minimum of five years of credited service. Survivor benefits paid to a surviving spouse without children are equal to 40% of final average compensation, and cease upon remarriage. Surviving spouse with children under 18 benefits are equal to 60% of final average compensation, and cease upon remarriage and children turning 18. No minimum duty service credit is required for line of duty survivor benefits, which are equal to 60% of final average compensation to surviving spouse regardless of children. Line of duty survivor benefits cease upon remarriage, and then the benefit is paid to children under 18.

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.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 8. Pension Plans (Continued)

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 and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers.

The rates in effect for the years ended December 31, 2017 and 2016 were as follows:

2017	Employees	Employer	
		1/1/17 - 6/30/17	7/1/17 - 12/31/17
Regular Employees	7.5% - 8%	35.8%	37.9%
Hazardous Duty	9.5%	36.1%	37.6%
Harbor Police	9.0%	35.3%	38.3%

2016	Employees	Employer	
		1/1/2016 - 6/30/16	7/1/2016 - 12-13/16
Regular Employees	7.5% - 8%	37.2%	35.8%
Hazardous Duty	9.5%	37.6%	36.1%
Harbor Police	9.0%	33.5%	35.3%

The Commission's contractually required composite contribution rates for the years ended December 31, 2017 and 2016 were 35.91% and 36.62%, respectively, of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan were \$764,797 and \$790,032 for the years ended December 31, 2017 and 2016, respectively.

Teachers' Retirement System of Louisiana (TRSL)

Plan Description

Eligible employees of Greater Lafourche Port Commission are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Teachers' Retirement System of Louisiana (TRSL). Chapter 2 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to TRSL Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. TRSL issues a publicly available financial report that can be obtained at www.trsl.org.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general informational purposes only. TRSL provides retirement, deferred retirement option (DROP), disability, and survivor's benefits. Participants should refer to the appropriate statutes for more complete information.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 8. Pension Plans (Continued)

Benefits Provided (Continued)

Members may retire with an actuarially reduced benefit with 20 years of service at any age. If hired before July 1, 1999, members are eligible for a 2% accrual rate at the earliest of age 60 with five years of service, or at any age with 20 years of service and are eligible for a 2.5% accrual rate at the earliest of age 65 with 20 years of service, age 55 with 25 years of service, or at any age with 30 years of service.

Plan A - Members may retire with a 3.0% annual accrual rate at age 55 with 25 years of service, age 60 with five years of service or 30 years of service, regardless of age. Plan A is closed to new entrants.

Plan B - Members first eligible for membership on or after July 1, 2015 may retire with a 2.0% annual accrual rate at age 62 with five years of service, and are eligible for an actuarially reduced benefit with 20 years of service at any age. Members first eligible for membership before July 1, 2015 may retire with a 2.0% annual accrual rate at age 55 with 30 years of service, or age 60 with five years of service.

Benefit Formula - For all plans, retirement benefits are based on a formula which multiplies the final average compensation by the applicable accrual rate, and by the years of creditable service. For Regular Plan and Lunch Plan B members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011, final average compensation is defined as the highest average 60-month period. For all other members, final average compensation is defined as the highest average 36-month period.

Payment Options - A retiring member is entitled to receive the maximum benefit payable until the member's death. In lieu of the maximum benefit, the member may elect to receive a reduced benefit payable in the form of a Joint and Survivor Option, or as a lump sum that can't exceed 36 months of the members' maximum monthly benefit amount.

Effective July 1, 2009, members may make an irrevocable election at retirement to receive an actuarially reduced benefit which increases 2.5% annually, beginning on the first retirement anniversary date, but not before age 55 or before the retiree would have attained age 55 in the case of a surviving spouse. This option can be chosen in combination with the above options.

Deferred Retirement Option Program (DROP) - In lieu of terminating employment and accepting a service retirement, an eligible member can begin participation in the Deferred Retirement Option Program (DROP) on the first retirement eligibility date for a period not to exceed the third anniversary of retirement eligibility. Delayed participation reduces the three year participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account. Upon termination of DROP, the member can continue employment and earn additional accruals to be added to the fixed pre-DROP benefit.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 8. Pension Plans (Continued)

Benefits Provided (Continued)

Upon termination of employment, the member is entitled to the fixed benefit, an additional benefit based on post-DROP service (if any), and the individual DROP account balance which can be paid in a lump sum or an additional annuity based upon the account balance.

Disability Benefits - Active members whose first employment makes them eligible for membership in a Louisiana state retirement system before January 1, 2011, and who have five or more years of service credit are eligible for disability retirement benefits if certified by the State Medical Disability Board (SMDB) to be disabled from performing their job. All other members must have at least 10 years of service to be eligible for a disability benefit. Calculation of the disability benefit as well as the availability of a minor child benefit is determined by the plan to which the member belongs and the date on which the member's first employment made them eligible for membership in a Louisiana state retirement system.

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

Each minor child (maximum of two) shall receive an amount equal to the greater of (a) 50% of the spouse's benefit, or (b) \$300 (up to two eligible children). Benefits to minors cease at attainment of age 18, marriage, or age 23 if enrolled in an approved institution of higher education. A surviving spouse without minor children of an active member with 10 years of creditable service (two years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) the option two equivalent of the benefit calculated at the 2.5% accrual rate for all creditable service.

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.

Optional Retirement Plan (ORP) - The Optional Retirement Plan (ORP) was established for academic employees of public institutions of higher education who are eligible for membership in TRSL. This plan was designed to provide certain academic and unclassified employees of public institutions of higher education an optional method of funding for their retirement.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 8. Pension Plans (Continued)

Benefits Provided (Continued)

The ORP is a defined contribution pension plan which provides for portability of assets and full and immediate vesting of all contributions submitted on behalf of the affected employees to the approved providers. These providers are selected by the TRSL Board of Trustees. Monthly employer and employee contributions are invested as directed by the employee to provide the employee with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the employee's working lifetime. Employees in eligible positions of higher education can make an irrevocable election to participate in the ORP rather than TRSL and purchase annuity contracts—fixed, variable, or both—for benefits payable at retirement.

Contributions

The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's actuary. Each sub plan pays a separate actuarially determined employer contribution rate. However, all assets of TRSL are used for the payment of benefits for all classes of members, regardless of their plan. The rates in effect for the years ended December 31, 2017 and 2016 were as follows:

2017	Employees	Employer	
		1/1/17 - 6/30/17	7/1/17 - 12/31/17
Regular plan	8%	25.5%	26.6%

2016	Employees	Employer	
		1/1/2016 - 6/30/16	7/1/2016 - 12-13/16
Regular Employees	8%	26.3%	25.5%

The Commission's contractually required composite contribution rates for the years ended December 31, 2017 and 2016 were 25.5% and 25.9%, respectively, of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan totaled \$14,541 and \$13,627, respectively, for the years ended December 31, 2017 and 2016.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 8. Pension Plans (Continued)

Pension Liabilities

The Commission reported its proportionate shares of the net pension liability of the Plans for the years ended December 31, as follows:

Plan	2017	2016
LASERS	\$ 7,784,242	\$ 9,225,256
TRSL	125,791	148,003
Total	\$ 7,910,033	\$ 9,373,259

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 contributions to the plans relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017 and 2016, the Commission's proportions of each plan were as follows:

Plan	2017	2016
LASERS	0.110590%	0.117481%
TRSL	0.001227%	0.001261%

Pension Expense

For the years ended December 31, 2017 and 2016, the Commission recognized pension expense as follows:

Plan	2017	2016
LASERS	\$ 468,315	\$ 1,370,662
TRSL	13,231	19,415
Total	\$ 481,546	\$ 1,390,077

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 8. Pension Plans (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Plan	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
LASERS:				
Changes in proportion	\$ -	\$ 391,949	\$ -	\$ 149,526
Differences between expected and actual experience	-	142,831	5,341	85,561
Changes in assumptions	30,753	-	-	-
Net difference between projected and actual earnings on pension plan investments	253,129	-	1,149,022	-
Difference between employer contributions and proportionate share of contributions	16,484	-	32,881	17,812
Contributions subsequent to the measurement date	390,723	-	373,121	-
	691,089	534,780	1,560,365	252,899
TRSL:				
Changes in proportion	9,302	3,024	13,867	-
Differences between expected and actual experience	-	4,135	-	2,923
Changes in assumptions	1,326	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	3,249	10,774	-
Difference between employer contributions and proportionate share of contributions	-	697	-	735
Contributions subsequent to the measurement date	7,501	-	6,466	-
	18,129	11,105	31,107	3,658
Totals	\$ 709,218	\$ 545,885	\$ 1,591,472	\$ 256,557

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 8. Pension Plans (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

The deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 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:

Year Ending December 31,	Amount
2018	\$ (249,238)
2019	72,294
2020	102,112
2021	<u>(160,059)</u>
Total	<u>\$ (234,891)</u>

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

Actuarial Assumptions:	LASERS	TRSL
Inflation	2.75%	2.50%
Discount rate used to measure pension liability	7.70%	7.70%
Salary increases	2.8% - 14.3%, varies by duration of service	3.5% - 10%, varies by duration of service
Investment rate of return	7.70% net of investment expenses	7.70%, net of investment expenses
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization approach	Closed	Closed
Expected remaining service lives	3 years	5 years
Cost of living adjustments	None	None

Actuarial assumptions used in the June 30, 2017 valuations were based on the results of actuarial experience studies as follows:

- TRSL for the period July 1, 2007 to June 30, 2012.
- LASERS for the period July 1, 2009 to June 30, 2013.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 8. Pension Plans (Continued)

Mortality rates for TRSL were based on the RP-2000 Mortality Table with projection to 2025 using Scale AA. Mortality rates for LASERS were based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015 for non-disabled members, and on the RP-2000 Disabled Retiree Mortality Table with no projection for mortality improvement for disabled members.

For TRSL and LASERS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

The best estimates of real rates of return for each major asset class included in the pension plans' target asset allocation, as of June 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
LASERS:		
Cash	0.0%	-0.24%
Domestic Equity	25.0%	4.31%
International Equity	32.0%	5.35%
Domestic Fixed Income	8.0%	1.73%
International Fixed Income	6.0%	2.49%
Alternative Investments	22.0%	7.41%
Global Asset Allocation	7.0%	2.84%
TRSL:		
Domestic Equity	27.0%	4.28%
International Equity	19.0%	4.96%
Domestic Fixed Income	13.0%	1.98%
International Fixed Income	5.5%	2.75%
Private Equity	25.5%	8.47%
Other Private Assets	10.0%	3.51%

Rates of return are presented as arithmetic means for TRSL and geometric means for LASERS.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 8. Pension Plans (Continued)

The investment rates of return were determined based on expected cash flows which assume that contributions from plan members will be made at current contribution rates and that contributions from the participating employers will be made at the actuarially determined rates approved by the Louisiana Public Retirement Systems' Actuarial Committee, taking into consideration the recommendation of the System's actuary. Based on these assumptions, the Plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the investment rate of return on plan investments was applied as the discount rate to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate

The following presents the Commission's proportionate shares of the net pension liabilities of the plans, calculated using the discount rates as shown above, as well as what the Commission's proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
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Pension Plan Fiduciary Net Position

Detailed information about the Plans' fiduciary net position is available in the separate issued financial statements of the Plans.

Support of Non-Employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Commission recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the years ended December 31, 2017 and 2016, the Commission recognized revenue as a result of support received from non-employer contributing entities of \$476 and \$482, respectively, for its participation in TRSL.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 8. Pension Plans (Continued)

Payables to the Pension Plans

At December 31, 2017, no amounts are due to the pension plans for employer and employee required contributions.

Note 9. Non-cash Investing and Financing Activities

Non-cash investing and financing activities for the years ended December 31, 2017 and 2016 consisted of the following:

	2017	2016
(Increase) Decrease in Net Pension Liabilities	<u>\$ 1,171,582</u>	<u>\$ (452,549)</u>
(Increase) Decrease in Deferred Inflows	<u>\$ (289,328)</u>	<u>\$ (113,523)</u>
Increase (Decrease) in Deferred Outflows	<u>\$ (882,254)</u>	<u>\$ 566,072</u>
Unrealized Gains (Losses) on Investments	<u>\$ (91,072)</u>	<u>\$ (63,097)</u>
Gains (Losses) on Sale of Assets	<u>\$ 45,137</u>	<u>\$ (26,161)</u>

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 10. Construction Commitments

At December 31, the Commission had the following commitments on construction and maintenance projects in progress:

2017			
Project Description	Estimated Total Cost	Costs Incurred to Date	Estimated % Funded by Other Entities
Runway/Taxiway Lighting Improvements	\$ 796,124	\$ 321,686	3%
N/E Slip C East - 1,671 LF	10,237,799	345,957	10%
N/E Slip C West - 939 LF	5,754,647	4,077,821	0%
Slip D Dredge Phase I	1,544,540	947,661	0%
Fourchon Radar and Camera Relocation Project	42,806	-	0%
	<u>\$ 18,375,916</u>	<u>\$ 5,693,125</u>	
2016			
Project Description	Estimated Total Cost	Costs Incurred to Date	Estimated % Funded by Other Entities
NE Slip C Bulkhead - 950 LF	\$ 5,705,989	\$ 5,196,243	0%
Nerby Collins West Loading Zone Bulkhead Repairs	30,283	20,000	0%
Airport Maintenance Shop Addition	77,855	-	0%
	<u>\$ 5,814,127</u>	<u>\$ 5,216,243</u>	

Note 11. Risk Management

The Commission is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. To manage these risks, the Commission has obtained coverage from commercial insurance companies. During 2017 and 2016, there were no significant claims in excess of insurance coverage.

Note 12. Extraordinary and Special Items

Special items consist of expenses incurred in connection with a cooperative endeavor agreement related to an airport access road study. Extraordinary items consist of reimbursements and expenses related to litigation and a recovery from the BP Deepwater Horizon Oil Spill Trust.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 13. Other Postemployment Benefits

Plan Description

The Greater Lafourche Port Commission's Group Insurance Plan extends postemployment medical and life insurance benefits to qualifying retirees through the Office of Group Benefits (OGB). Participants are eligible for retiree benefits if they meet the retirement eligibility as defined in the applicable retirement system and they must be covered by the active medical plan immediately prior to retirement. The postemployment benefits plan is an agent multiple-employer defined benefit OPEB plan. Louisiana Revised Statute (R.S.) 42:801-833 provides the authority to establish and amend benefit provisions of the plan. OGB does not issue a publicly available financial report; however, the entity is included in the Louisiana Comprehensive Annual Report.

Funding Policy

Beginning January 1, 2009, the Commission prospectively implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions* (GASB 45), which requires the liability for these benefits be accrued as they are earned by employees.

The contribution requirements of plan members and the Commission are established and may be amended by R.S. 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 which healthcare provider is selected for the plan and if the member has Medicare coverage. OGB offers three standard plans for both active and retired employees:

The Preferred Provider Organization (PPO) plan, the Exclusive Provider Organization (EPO) plan, and the Health Maintenance Organization (HMO) plan. Retired employees who have Medicare Part A and Part B coverage also have access to two OGB Medicare Advantage plans – one HMO plan and one private fee-for-service (PFFS) plan, offered by two companies. Depending upon the plan selected, during the fiscal years ended December 31, 2017 and 2016, monthly employee premiums ranged from \$104 to \$554.

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life and Employee Accidental Death and Dismemberment (AD&D) 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 of 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.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 13. Other Postemployment Benefits (Continued)

Annual Required Contribution

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 plus an amount necessary to amortize any unfunded actuarial liabilities over a period of thirty (30) years. A 30-year percentage of projected payroll amortization method with a closed amortization period has been used. The total ARC for the fiscal year beginning January 1, is set forth below:

	2017	2016
Normal Cost	\$ 183,596	\$ 166,393
Interest Cost	13,621	13,254
Amortization of UAL	<u>156,207</u>	<u>164,281</u>
Annual Required Contribution	<u>\$ 353,424</u>	<u>\$ 343,928</u>

Net Post Employment Benefit Obligation

The Commission's Net Other Post Employment Benefit (OPEB) Obligation for the fiscal year ended December 31, follows:

	2017	2016
Beginning Net OPEB Obligation	\$ 3,489,054	\$ 3,217,646
Annual OPEB Expense	359,661	349,680
Contributions Made (Retiree Premiums)	<u>(104,614)</u>	<u>(78,272)</u>
Ending Net OPEB Obligation	<u>\$ 3,744,101</u>	<u>\$ 3,489,054</u>

For the fiscal years ended December 31, 2017 and 2016, the Commission contributed 29% and 22%, respectively, of the OPEB cost using the pay-as-you-go method.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 13. Other Postemployment Benefits (Continued)

Funded Status and Funding Progress

Neither the Commission nor the State of Louisiana has established a benefit plan trust or made any contributions to this plan other than its current share of retiree premiums. At December 31, 2017, the plan has no assets and its funded ratio is zero. At July 1, 2016, the date of its most recent actuarial valuation, the Actuarial Accrued Liability (AAL) - the portion of the actuarial present value of post-employment benefits not provided by normal cost - was \$4,087,861. Since the plan has no assets, the entire AAL is unfunded. Covered payroll of active plan members was \$1,310,789 and the Unfunded AAL (UAAL) was 312% of covered payroll.

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 rate. 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.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 the plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2016 OGB actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 7.0%, scaling down to an ultimate rate of 4.5% per year. The RP 2014 Generational Mortality Table using MP 2016 Projection Scale and applied on a gender-specific basis in making actuarial assumptions. Retirement rate assumptions differ by employment group and date of plan participation. The unfunded actuarial accrued liability is being amortized over the maximum acceptable period of thirty years on an open basis. It is calculated assuming a level percentage of projected payroll.

Note 14. Contingencies

The Commission is subject to claims and legal proceedings which arise in the normal course of business. In the opinion of the Commission, the outcome of these proceedings will not materially affect the accompanying financial statements, and accordingly, no provision for losses has been recorded.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA**

Notes to Financial Statements

Note 15. Adoption of New Accounting Standards

The Commission adopted the provisions of GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, which amends the presentation of payroll-related measurements in required supplementary information. The adoption of this standard did not have any impact on the amounts reported in the financial statements.

Note 16. Impact of Recently Issued Accounting Pronouncements

GASB Statement No. 75, *Accounting and Reporting for Postemployment Benefits Other Than Pensions*, was issued to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB) and to improve information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement will be effective for the Commission's 2018 financial statements. The impact of the implementation of this Statement on the Commission's financial statements has not been assessed at this time.

GASB Statement No. 87, *Leases*, was issued to better meet the needs of financial statement users by improving accounting and financial reporting for leases by governments. The Statement will require recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. The Statement will be effective for the Commission's 2020 financial statements. The impact of the implementation of this Statement on the Commission's financial statements has not been assessed at this time.

Note 17. Subsequent Events

The Company has evaluated subsequent events through the date the financial statements were available to be issued, June 11, 2018, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA
Budgetary Comparison Schedule
Enterprise Fund
For the Year Ended December 31, 2017**

	Budget Original	Budget Final	Actual	Variance with Final Budget Favorable (Unfavorable)
Operating Revenues				
Lease Rentals	\$ 24,561,544	\$ 24,561,544	\$ 24,564,618	\$ 3,074
Fuel and Retail Sales	400,000	400,000	384,707	(15,293)
Other User Fees	1,159,034	1,159,034	1,113,006	(46,028)
Total Operating Revenue	26,120,578	26,120,578	26,062,331	(58,247)
Operating Expenses				
Personnel Services	5,433,416	5,433,416	4,632,495	800,921
Maintenance, Supplies, and Operation of Facilities	6,409,206	6,409,206	2,878,978	3,530,228
Lease Expense - Port Fourchon	4,161,216	4,161,216	4,115,266	45,950
Fuel and Retail Items	259,700	259,700	239,471	20,229
Other Operating Expense	2,173,098	2,173,098	1,852,181	320,917
Depreciation and Amortization	7,465,230	7,465,230	7,422,174	43,056
Total Operating Expenses	25,901,866	25,901,866	21,140,565	4,761,301
Operating Income	218,712	218,712	4,921,766	4,703,054
Nonoperating Revenues (Expenses)				
Ad Valorem Taxes (Net of Tax Assessor's Settlement and Pension Fund)	4,015,000	4,015,000	3,479,577	(535,423)
Intergovernmental Revenue				
State Revenue Sharing	35,000	35,000	35,518	518
Noncapital Grants	186,500	186,500	114,594	(71,906)
Investment Income	340,000	340,000	730,005	390,005
Emergency Repair Projects	-	-	(74,849)	(74,849)
Gain on Disposal of Fixed Assets	-	-	45,137	45,137
Other Income	-	-	4,048	4,048
Net Nonoperating Revenues	4,576,500	4,576,500	4,334,030	(242,470)
Change in Net Position Before Capital Contributions, Special Items and Extraordinary Items	\$ 4,795,212	\$ 4,795,212	9,255,796	\$ 4,460,584
Capital Contributions			798,022	
Extraordinary Items			84,016	
Special Items			(158,680)	
Change in Net Position			9,979,154	
Net Position, Beginning of Year			267,581,115	
Net Position, End of Year			\$ 277,560,269	

See independent auditor's report.

**GREATER LAFOURCHE PORT COMMISSION
 CUT OFF, LOUISIANA
 Schedule of Proportionate Share of Net Pension Liabilities
 For the Year Ended December 31, 2017**

Year Ended	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered payroll	Share of the net pension liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
<u>Louisiana State Employees' Pension System:</u>					
December 31, 2014	0.120820%	\$ 7,554,994	\$ 2,084,781	362.39%	65.00%
December 31, 2015	0.120680%	\$ 8,207,790	\$ 2,256,616	363.72%	62.70%
December 31, 2016	0.117481%	\$ 9,225,256	\$ 2,396,995	384.87%	57.70%
December 31, 2017	0.110590%	\$ 7,784,242	\$ 2,066,185	376.74%	62.50%
<u>Teachers' Retirement System of Louisiana:</u>					
December 31, 2014	0.001130%	\$ 115,502	\$ 47,097	245.24%	63.70%
December 31, 2015	0.001181%	\$ 126,984	\$ 50,080	253.56%	62.50%
December 31, 2016	0.001261%	\$ 148,003	\$ 53,957	274.30%	59.90%
December 31, 2017	0.001227%	\$ 125,791	\$ 52,958	237.53%	65.60%

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

See independent auditor's report.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA
Schedule of Contributions to Pension Plans
For the Year Ended December 31, 2017**

Year Ended	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contribution as a percentage of covered employee payroll
<u>Louisiana State Employees' Pension System (LASERS):</u>					
December 31, 2014	\$ 750,918	\$ 750,918	\$ -	\$ 2,209,856	33.98%
December 31, 2015	\$ 864,336	\$ 864,336	\$ -	\$ 2,339,748	36.94%
December 31, 2016	\$ 790,032	\$ 790,032	\$ -	\$ 2,157,500	36.62%
December 31, 2017	\$ 764,797	\$ 764,797	\$ -	\$ 2,068,976	36.97%
<u>Teachers' Retirement System of Louisiana (TRSL):</u>					
December 31, 2014	\$ 13,242	\$ 13,242	\$ -	\$ 47,916	27.64%
December 31, 2015	\$ 13,749	\$ 13,749	\$ -	\$ 50,726	27.10%
December 31, 2016	\$ 13,627	\$ 13,627	\$ -	\$ 52,584	25.91%
December 31, 2017	\$ 14,541	\$ 14,541	\$ -	\$ 55,808	26.06%

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

Notes to Required Supplementary Information

Changes in benefit terms:

LASERS - There were no changes in benefit terms for the year ended December 31, 2017.

TRSL - There were no changes in benefit terms for the year ended December 31, 2017.

Changes in benefit assumptions:

LASERS - The discount rate used to measure the total pension liability changed from 7.75% to 7.70%.

The expected inflation rate was changed from 3.0% to 2.75%.

TRSL - The discount rate used to measure the total pension liability changed from 7.75% to 7.70%.

See independent auditor's report.

GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA
Schedule of Funding Progress
Other Postemployment Benefits (OPEB)
For the Year Ended December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2014	-	\$ 4,030,630	\$ 4,030,630	0%	\$ 1,190,500	339%
July 1, 2015	-	\$ 4,299,146	\$ 4,299,146	0%	\$ 1,196,000	359%
July 1, 2016	-	\$ 4,087,861	\$ 4,087,861	0%	\$ 1,310,789	312%

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

**GREATER LAFOURCHE PORT COMMISSION
 CUT OFF, LOUISIANA
 Schedule of Compensation Paid to Governing Board
 For the Year Ended December 31, 2017**

Board Member	2017	2016
Ervin J. Bruce	\$ 9,600	\$ 10,500
Harris Cheramie	10,800	10,800
Wilbert Collins	900	7,050
Kristian Gaudet	10,800	10,800
Perry Gisclair	10,800	10,800
Larry J. Griffin	10,800	10,800
Jimmy Guidry	10,800	10,350
John J. Melancon, Jr.	10,800	10,800
Ted Savoie	-	3,600
Rodney Gisclair	10,800	6,600
Curtis Pierce	1,050	-
	<u>\$ 87,150</u>	<u>\$ 92,100</u>

See independent auditor's report.

**GREATER LAFOURCHE PORT COMMISSION
 CUT OFF, LOUISIANA
 Schedule of Compensation, Benefits, and Other Payments
 to Agency Head or Chief Executive Officer
 For the Year Ended December 31, 2017**

Agency Head

Chett Chiasson, Executive Director

Purpose	Amount
Salary	\$172,155
Benefits - Insurance	\$18,161
Benefits - Retirement	\$63,421
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$642
Per Diem	\$0
Reimbursements	\$110
Travel	\$4,965
Registration	\$4,545
Conference Travel	\$5,769
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$193
Special Meals	\$1,797

See independent auditor's report.

**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**

Independent Auditor's Report

Board of Commissioners
Greater Lafourche Port Commission
Cut Off, 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 Greater Lafourche Port Commission (the Commission) as of and for the years ended December 31, 2017 and 2016 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated June 11, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Greater Lafourche Port Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 the 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 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of 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 over compliance. Accordingly, this communication is not suitable for any other purpose.

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

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Houma, LA
June 11, 2018

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA
Schedule of Findings and Responses
For the Year Ended December 31, 2017**

Part I - Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting and compliance and other matters: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | No |
| c. Noncompliance material to the financial statements? | No |
| d. Other matters identified? | No |
| 3. Management letter comment provided? | None |

Federal Awards

Not applicable.

Part II - Financial Statement Findings

None.

Part III - Compliance and Other Matters

None.

**GREATER LAFOURCHE PORT COMMISSION
CUT OFF, LOUISIANA
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2016**

Financial Statement Findings

None.

Compliance and Other Matters

None.

Findings and Questioned Costs for Federal Awards

None.

AGREED-UPON PROCEDURES REPORT
Greater Lafourche Port Commission

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2017 – December 31, 2017

To the Board of Commissioners of Greater Lafourche Port Commission and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Greater Lafourche Port Commission (GLPC) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. GLPC's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts**, including receiving, recording, and preparing deposits.
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

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

Results: The policies of GLPC address all of the functions listed.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g., approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: GLPC's board met at least monthly. The minutes reference reviews of financial performance for its one fund, an enterprise fund. For at least one meeting during the fiscal period, the minutes referenced approval of a contract and disbursements.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Results: We obtained a listing of bank accounts from management and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than five accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: We selected one bank account and obtained bank statements and reconciliations for the year. While performing 4(b), we noted that while there was evidence that the executive director reviewed each bank statement and the director of finance reviewed each bank reconciliation, there is no evidence of a member of management or a board member with no involvement in the transaction associated with the bank account reviewed each bank reconciliation. All other criteria were met without exception.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Results: We obtained from management a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than five locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each cash collection location selected:
 - a) Obtain existing written documentation (e.g., insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g., sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results: We selected one cash collection location for testing using the highest (dollar) week of cash collections from the bank statements. Each person responsible for collecting cash is bonded. We noted that the person collecting cash is also responsible for reconciling the bank statement, but not for depositing or recording the transactions. GLPC has a formal process to reconcile cash collections to the general ledger. While performing 6(c)(1), we noted there was no way for us to determine when the checks were received; therefore we could not determine the number of days from receipt to deposit.

7. Obtain existing written documentation (e.g., policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Results: We obtained written policy from management and noted all criteria above were met without exception.

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

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

Results: We obtained from management a disbursement listing and management's representation that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g., purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; (3) and an approved invoice.

Results: We obtained supporting documentation for the 25 selected disbursements. For four of the disbursements selected, no requisition or equivalent was on file; however, one disbursement of those four was below the \$100 threshold that requires a requisition per GLPC policies. The criteria in steps 9(a), 9(b), and 9(c) were met without exception for the remaining twenty-one disbursements tested.

10. Using entity documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Results: We obtained written policies from management and noted the persons responsible for processing payments are prohibited from adding vendors to GLPC's purchasing/ disbursement system.

11. Using entity documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results: The employees with signatory authority or who make the final authorization for disbursements do not have responsibility for initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Results: No exceptions were identified as a result of these procedures.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Results: No exceptions were identified as a result of these procedures.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

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

Results: We obtained from management a listing of all active credit cards, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete. There were no bank debit cards, fuel cards, and P-cards.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Results: For 15(a), we noted monthly statements and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder for all card statements. For 15(b), no finance charges and/or late fees were assessed on the statements selected.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased).
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization).
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/ disbursement policies and the Louisiana Public Bid Law (i.e., transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., cash advances or non-business purchases, regardless of whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: For the credit card selected for testing in procedure #15 above, we obtained supporting documentation for all transactions. No exceptions were identified as a result of these procedures.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Results: We obtained from management the general ledger and sorted/filtered for travel reimbursements. We obtained management's representation that the listing is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Results: We obtained GLPC's written policies related to travel and expense reimbursement, and noted that the policy states per diem amounts are based on the GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
- b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose. (Note: For meal charges, there should also be documentation of the individuals participating.)
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).
- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: For the three persons selected for testing, all of the reimbursements followed GLPC's policy and met the criteria above without exception.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger, and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Results: We obtained a listing of all contracts in effect during the fiscal period. We obtained management's representation that the listing is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).

Results: For the five contract vendors tested, we obtained the listing of payments for the period. For these five contracts, a formal written contract supports the arrangement and the amounts paid. Two of the five contracts were subject to Louisiana Public Bid Law. We noted that GLPC complied with all legal requirements. For the three contracts not subject to bid law, two contracts were leases, and one contract was for professional services. Four of the contracts had amendments to the original contract. For the largest payment from each of the five contracts, the supporting invoice and related payment complied with the terms and conditions of the contract. Each of the five contracts were properly approved by the board according to GLPC's policy.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results: We obtained a listing of employees with their related salaries, and we obtained management's representation that the listing is complete. For the five employees selected, payments were made in strict accordance with the terms and conditions of the pay rate structure. Salary changes made during the fiscal period for the five employees selected were approved in writing and in accordance with written policy.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results: We obtained attendance and leave records, and randomly selected a pay period in which leave has been taken by at least one employee. All employees selected documented their daily attendance and leave in a manual system maintained by GLPC. Attendance and leave for employees was approved electronically or in writing. GLPC maintained manual leave records on those employees.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results: We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. The only termination payment made during the fiscal period was overpaid by \$39.

25. Obtain supporting documentation (e.g., cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Results: We obtained supporting documentation relating to payroll taxes and retirement contributions during the fiscal period. The employee and employer portions of payroll taxes and retirement contributions as well as the required reporting forms were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Results: For the five employees selected, GLPC maintained documentation to demonstrate that required ethics training was completed.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results: We inquired of management whether any alleged ethics violations were reported to GLPC during the fiscal period. Management has received no such allegations.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Results: This procedure is not applicable to GLPC as no debt was issued during the period.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Results: This procedure is not applicable to GLPC as they have no debt outstanding.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Results: This procedure is not applicable to GLPC as there are no tax millages related to debt service.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: We inquired of management whether GLPC had any misappropriations of public funds or assets. Management reported GLPC has not had any misappropriations of public funds or assets.

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

Results: GLPC has posted on its premises and website the notice required by L.R.S. 24:523.1.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Results: No exceptions were identified as a result of these procedures.

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

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



A Professional Accounting Corporation

Houma, LA
June 11, 2018



Greater Lafourche Port Commission
Port Fourchon ♦ South Lafourche Leonard Miller, Jr. Airport
"The Gulf's Energy Connection"



June 11, 2018

LaPorte, APAC
304 Corporate Drive, Suite E
Houma, LA 70360

Re: Agreed Upon Procedures

Dear Sirs:

Following are our responses to the exceptions noted in your report on the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures:

Bank Reconciliations:

Results: We selected one bank account and obtained bank statements and reconciliations for the year. While performing 4(b), we noted that while there was evidence that the executive director reviewed each bank statement and the director of finance reviewed each bank reconciliation, there is no evidence of a member of management or a board member with no involvement in the transaction associated with the bank account reviewed each bank reconciliation. All other criteria were met without exception.

Response: Due to the structure, transparency, and involvement of the board in approving transactions, the Greater Lafourche Port Commission (GLPC) does not have an individual who is isolated from all bank account transactions. All transactions are approved by the board and management. We feel that adequate mitigating control procedures are currently in place to reduce the risk associated with bank reconciliations and assure transparency in banking transactions.

Collections:

Results: We selected one cash collection location for testing using the highest (dollar) week of cash collections from the bank statements. Each person responsible for collecting cash is bonded. While performing 6(a)(2) we noted that the person collecting cash is also responsible for reconciling the bank statement, but not for depositing or recording the transactions. GLPC has a formal process to reconcile cash collections to the general ledger. While performing 6(c)(1), we noted there was no way for us to determine when the checks were received; therefore, we could not determine the number of days from receipt to deposit.

SEAPORT OPERATIONS
Port Fourchon Operations Center
180 A.O. Rappelet Road
Port Fourchon, LA 70357
Phone: (985) 396-2750
Fax: (985) 396-2596

GLPC ADMINISTRATION OFFICE
Port Fourchon / South Lafourche Airport
16829 East Main Street
Cut Off, LA 70345
Phone: (985) 632-6701
Fax: (985) 632-6703
E-mail: glpc@portfourchon.com
www.portfourchon.com

AIRPORT OPERATIONS
South Lafourche Airport (GAO)
Airport Road
Galliano, LA 70354
FBO Phone: (985) 475-6701
Airport Manager: (985) 632-1118

Response: To remedy these issues, GLPC has implemented new procedures to have the receptionist receive all unopened checks and maintain an electronic log of when the checks are received.

Disbursements:

Results: *We obtained supporting documentation for the 25 selected disbursements. For four of the disbursements selected, no requisition or equivalent was on file; however, one disbursement of those four was below the \$100 threshold that requires a requisition per GLPC policies. The criteria in steps 9(a), 9(b), and 9(c) were met without exception for the remaining twenty-one disbursements tested.*

Response: The Port has implemented a new Purchasing and Disbursements policy; however, three of the four disbursements tested above occurred prior to the new policy being put into place. Had the new policy been in place when the disbursements were made, these three disbursements would have required the correct documentation prior to approval. The remaining disbursement did not require a purchase order or requisition per GLPC' Purchasing and Disbursements policy as it was below the small purchase threshold of \$100 per item and the total invoice was less than \$1,500. We believe adequate mitigating controls are in place regarding the approval of purchases and payments under the current policy.

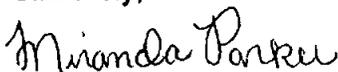
Payroll and Personnel:

Results: *We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. The only termination payment made during the fiscal period was overpaid by \$39.*

Response: This was an isolated incident in connection with the incorrect pay rate being used to calculate the terminated employee's payout of benefits. The administration is now aware of the issue and will closely monitor these transactions in the future.

Please accept these responses to your report on the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures. Please do not hesitate to contact me should you have any questions or comments.

Sincerely,



Miranda Parker,
Director of Finance
Greater Lafourche Port Commission