South Tangipahoa Parish Port Commission

Financial Statements

December 31, 2016

South Tangipahoa Parish Port Commission
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Independent Auditor's Report

To the Board of Commissioners
South Tangipahoa Parish Port Commission
Ponchatoula, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of South Tangipahoa Parish Port Commission as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the South Tangipahoa Parish Port 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of South Tangipahoa Parish Port Commission as of December 31, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 and the Schedule of Funding Progress for OPEB Plan on page 27, schedule of employer's proportionate share of net pension liability at page 28; and schedule of employer's pension contributions at page 29 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.

Supplementary and Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements of the South Tangipahoa Parish Port Commission. The accompanying schedule of compensation, benefits, and other payments to commission head at page 30, as required by the State of Louisiana, is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule of compensation, benefits, and other payments to commission head is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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, benefits, and other payments is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Commissioners
South Tangipahoa Parish Port Commission

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2017, on our consideration of the South Tangipahoa Parish 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 South Tangipahoa Parish Port Commission's internal control over financial reporting and compliance.

Pinell & Martinez, llc

Covington, Louisiana
June 23, 2017

Management's Discussion and Analysis

Introduction

This section of the South Tangipahoa Parish Port Commission's (the "Commission") annual financial report presents a discussion and analysis of the Commission's financial performance during the year that ended December 31, 2016. It should be read in conjunction with the financial statements, which follow this section.

Overview of the Financial Statements

This financial report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and notes to the financial statements.

The financial statements provide both long-term and short-term information about the Commission's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The Commission's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statements of Revenues, Expenses, and Changes in Net Position.

All assets and liabilities associated with the operations of the Commission are included in the Statement of Net Position. The Statement of Net Position reports the Commission's net assets, which is the difference between its assets and liabilities. Net position is one way to measure the Commission's financial health.

Financial Highlights

At December 31, 2016, the Commission's assets exceeded its liabilities by $7,378,183. Of this amount, $640,637 is unrestricted and may be used to meet the Commission's ongoing obligations.

At December 31, 2015, the Commission's assets exceeded its liabilities by $7,087,724. Of this amount, $692,453 was available to meet the Commission's ongoing obligations.

The Commission had an increase in net position of $353,867 for the year ended December 31, 2016 compared to an increase in net position of $882,501 for the year ended December 31, 2015. The Commission's cash balance was $431,528 at December 31, 2016 compared to $490,629 at December 31, 2015.

Financial Analysis

The Commission's total assets at December 31, 2016 were approximately $8 million. The change in the composition of assets is primarily due to an increase in property and equipment resulting from current year additions. The condensed statements of net position is as follows:

	2016	2015	Variance	% Variance
Assets				
Current assets	$ 1,183,739	$ 1,352,079	$ (168,340)	-12.45%
Property and equipment, net	6,819,899	6,414,216	405,683	6.32%
Other assets	2,100	2,100	-	0.00%
	8,005,738	7,768,395	237,343	3.06%
Deferred outflows of resources	86,997	22,852	64,145	100.00%
	$ 8,092,735	$ 7,791,247	$ 301,488	3.87%
Liabilities				
Current liabilities	$ 64,663	$ 198,020	$ (133,357)	-67.35%
Noncurrent liabilities	562,892	482,651	80,241	16.63%
	627,555	680,671	(53,116)	-7.80%
Deferred inflows of resources	4,644	3,907	737	100.00%
Net Position				
Net investment in capital assets	6,819,899	6,414,216	405,683	6.32%
Unrestricted	640,637	692,453	(51,816)	-7.48%
	7,460,536	7,106,669	353,867	4.98%
	$ 8,092,735	$ 7,791,247	$ 301,488	3.87%

Total liabilities decreased by $53,116 from 2016 to 2015. The primary cause is a decrease in accounts payable due to timing differences.

Net position increased by $353,867 as explained in the following section. Net investment in capital assets reflect fixed assets, net of accumulated depreciation, and net of related debt.

The Commission's total revenues for the year ended December 31, 2016 were $982,152, a decrease of 38% from the previous year. Total expenses increased 1% to $651,323, which includes $305,207 of depreciation expense. The changes in net position are detailed below in the condensed statements of revenues, expenses, and changes in net position.

	2016	2015	Variance	% Variance
Revenues				
Rentals	$ 341,904	$ 278,522	$ 63,382	22.76%
Grants	623,437	1,296,437	(673,000)	-51.91%
Miscellaneous	16,811	1,650	15,161	100.00%
	982,152	1,576,609	(594,457)	-37.70%
Expenses				
Salaries and related expenses	182,348	204,303	(21,955)	-10.75%
Property maintenance	39,816	156	39,660	25423.08%
Depreciation	305,207	305,207	-	0.00%
Insurance	63,338	61,722	1,616	2.62%
Administrative and other	60,614	72,861	(12,247)	-16.81%
	651,323	644,249	7,074	1.10%
Operating income (loss)	330,829	932,360	(601,531)	-64.52%
Non-Operating Revenue (Expense)				
Investment return and interest	23,038	(49,307)	72,345	-146.72%
	23,038	(49,307)	72,345	-146.72%
Increase (decrease) in net position	353,867	883,053	(529,186)	-59.93%
Net position, beginning of year	7,106,669	6,223,616	883,053	14.19%
Net position, end of year	$ 7,460,536	$ 7,106,669	$ 353,867	4.98%

Capital Assets

The Commission's investment in capital assets at December 31, 2016 amounts to $6,819,899, net of accumulated depreciation. This investment consists principally of land, buildings, docks, and equipment. The Commission currently has an ongoing construction project to facilitate the maximum use of the Commission's property.

Other Factors Affecting the Commission

Management is currently redeveloping the facility into an efficient and safe trans-loading terminal for bulk, break bulk, neo bulk, and containerized cargo by barge, rail and truck at one prime location. The three million dollar infrastructure improvement programs will provide a new bulkhead, lay down storage areas, and comprehensive rail spur maintenance at the facility. The projects are designed to attract new industries and create new jobs for residents of the Tangipahoa Parish community. The new infrastructure projects are also an integral part of the port's "Master Plan" that was created in 2007 as a guide to future development of the facility and is expected to be substantially completed during 2017.

Contacting the Commission's Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Patrick Dufresne, Executive Director
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(985)386-9309

Financial Statements

South Tangipahoa Parish Port Commission
Statement of Net Position
December 31, 2016

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current Assets	
Cash and cash equivalents	$ 431,528
Certificates of deposit	505,591
Investments	197,213
Accounts receivable	27,272
Interest receivable	2,807
Prepaid expenses	19,328
	1,183,739
Capital Assets	
Property and equipment, net	6,819,899
Other Assets	
Utility deposit	2,100
	8,005,738
Deferred Outflows of Resources	
Deferred outflows related to pension plan	86,997
	$ 8,092,735
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
Current Liabilities	
Accounts payable	$ 53,126
Accrued expenses	7,499
Current portion of compensated absenses	4,038
	64,663
Noncurrent Liabilities	
Compensated absences	12,261
Other postemployment benefits payable	49,952
Net pension liability	500,679
	562,892
	627,555
Deferred Inflows of Resources	
Deferred inflows related to pension plan	4,644
Net Position	
Net investment in capital assets	6,819,899
Unrestricted	640,637
	7,460,536
	$ 8,092,735

See accompanying notes to financial statements.

South Tangipahoa Parish Port Commission
Statement Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2016

Operating Revenues	
Rentals	$ 341,904
Operating grants	623,437
Miscellaneous	16,811
	982,152
Operating Expenses	
Salaries and related expenses	121,619
Retirement benefits	51,584
Post-employment benefits expense	9,145
Property maintenance	39,816
Depreciation	305,207
Rents and leases	12,850
Office supplies	1,059
Utilities	21,213
Accounting services	8,817
Legal fees	2,155
Professional services	6,621
Insurance	63,338
Marketing	5,649
Memberships and dues	2,250
	651,323
Operating income	330,829
Non-Operating Revenue (Expense)	
Investment return	7,148
Interest income	15,890
	23,038
Increase in Net Position	353,867
Beginning Net Position	7,106,669
Ending Net Position	$ 7,460,536

See accompanying notes to financial statements.

South Tangipahoa Parish Port Commission
Statement of Cash Flows
For the Year Ended December 31, 2016

Cash Flows From Operating Activities		
Receipts:		
Rentals	$	461,062
Grants		623,437
Miscellaneous		16,811
		1,101,310
Disbursements:		
Payments to employees for services		(165,515)
Payments to suppliers for goods and services		(297,125)
		(462,640)
Net cash provided by operating activities		638,670
Cash Flows From Capital and Related Financing Activities		
Purchases of property and equipment		(710,890)
Net cash used in capital and related financing activities		(710,890)
Cash Flows From Investing Activities		
Proceeds from maturity of certificates of deposit		-
Additions to certificates of deposit		(100,417)
Sales (purchases) of investments		-
Return of investment capital		100,000
Interest received		13,536
Net cash used in investing activities		13,119
Decrease in cash and cash equivalents		(59,101)
Cash and cash equivalents, beginning balance		490,629
Cash and cash equivalents, ending balance	$	431,528

See accompanying notes to financial statements.

South Tangipahoa Parish Port Commission
Statement of Cash Flows *(Continued)*
For the Year Ended December 31, 2016

Reconciliation of Operating Income to Cash Flows From Operating Activities		
Operating income	$	330,829
Adjustments to reconcile the increase in net position to net cash provided by operating activities:		
Depreciation		305,207
Pension expense		737
(Increase) decrease in:		
Accounts receivable		119,158
Deferred outflows related to pensions		(64,145)
Increase (decrease) in:		
Accounts payable		(133,357)
Net pension liability		71,096
Post-employment benefits payable		9,145
Net cash provided by operating activities	$	638,670

Noncash Investment Activities		
Net increase in fair market value of investments	$	7,148

See accompanying notes to financial statements.

1. History and Summary of Significant Accounting Policies

Nature of Operations
The South Tangipahoa Parish Port Commission (the "Commission") was established and provided for by R.S. 34:1951 of Louisiana Revised Statutes (LRS). The Commission was granted authority to own, construct, operate, and maintain property, structures, and facilities necessary or useful for port, recreational, harbor, and terminal purposes. In addition, the Commission also has the authority to make and enter into contracts, leases, and other agreements with operating entities interested in the transportation, storage, and shipping of products.

The Commission consists of the boundaries and limits of Wards 6, 7, and 8 of Tangipahoa Parish. The South Tangipahoa Parish Port Commission is governed by seven board members from Tangipahoa Parish who are appointed directly by the Governor and serve with no compensation.

The Commission maintains an office located in Ponchatoula, Louisiana and a port facility located in Manchac, Louisiana. The Port facility includes a dock with a 20,000 square foot warehouse, railroad siding adjacent to the Illinois Central Railroad track, and a second dock with a 30,000 square foot transit facility. The Commission presently has two paid employees, an executive director and an administrative assistant, and the port facility is operated under a Marine Terminal Operators Agreement with a contract operator.

Financial Statement Presentation
The Commission's operations are accounted for in a proprietary fund type - the enterprise fund, which is similar to private business enterprises. Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statements of net position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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

Cash and Cash Equivalents
Cash and cash equivalents consist of cash on hand and certain highly liquid investments purchased with an initial maturity of 90 days or less.

Accounts Receivable
Accounts receivable is uncollateralized and stated at net realizable value. Management considers all accounts receivable balances collectible, thus no allowance for doubtful accounts has been recorded.

Adoption of New Accounting Standards

The Government Accounting Standards Board ("GASB") has issued GASB Statement No. 72, *Fair Value Measurement and Application.* This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The Government Accounting Standards Board ("GASB") has issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*, which supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of GASB Statement No. 76 is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

Investments

The Commission reports its investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair value.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. The Commission capitalizes individual purchases of property and equipment in excess of $5,000. Depreciation is recorded on a straight-line basis over the estimated useful lives of 10 to 40 years.

Compensated Absences

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

As of December 31, 2016, employees of the Commission have accumulated and vested employee leave benefits of $16,299. No accrual for vacation leave in excess of 300 hours or sick leave has been accrued since the employees are not entitled to it upon termination.

2. Deposits

The Commission's deposits consist of the following at December 31, 2016:

	Cash	Certificates of Deposit	Total
Deposits per Statement of Net Position	$ 431,528	$ 505,591	$ 937,119
Bank Balances:			
Uninsured and uncollateralized	$ -	$ -	$ -
Collateralized with securities held by the pledging institution's trust department or agent, in the Commission's name	-	-	-
Collateralized, including securities held by the pledging institution or its agent but not in the Commission's name	181,528	505,591	687,119
	$ 181,528	$ 505,591	$ 687,119

Custodial Deposit Risk
In the case of deposits, this is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it.

3. Investments

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

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

Investments are measured at fair value and are comprised of the following at December 31, 2016:

U.S. Treasury Securities	$ 197,213

The following schedule summarizes investment return (loss), including interest and administrative fees, and its classification in the financial statements for the years ended December 31, 2016:

Net realized gain(loss) on sale of investments	$	(257)
Increase (decrease) in fair market value of investments		7,148
	$	6,891

Interest Rate Risk
Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of investments. The Commission's investment policy limits interest rate risk by generally limiting maturities of its investments to shorter term securities, money market mutual funds, or similar investment pools.

Credit Risk
The credit risk of investments is the risk that the issuer or counterparty will not meet its obligations. This credit risk is measured by the credit quality ratings of investments in debt securities as described by nationally recognized statistical rating organizations (rating agencies) such as Standard & Poor's (S&P) and Moody's. The Commission limits its investment in securities to those classified as investment grade by S&P (EBB or better) and Moody's (Baa or better). At December 31, 2016, the Commission's portfolio consisted of only securities with a rating of AAA by Moody's and AA+ by S&P.

4. Fair Value Measurements

The fair value measurement accounting literature provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level I inputs to the valuation methodology are based on unadjusted quoted prices for identical assets in active markets that the Commission has the ability access. Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets and/or based on inputs that are derived principally from or corroborated by observable market data. Level 3 inputs are unobservable and are based on assumptions market participants would utilize in pricing the assets.

The Commission uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The asset's fair value measurement level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. When available, valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

At December 31, 2016, the Commission's investments consist of only U.S. Treasury Securities which are assessed using Level 1 inputs.

5. Property and Equipment

Property and equipment consists of the following at December 31:

	Balance 12/31/15	Additions	Disposals	Balance 12/31/16
Capital Assets Not Being Depreciated				
Land	$ 303,000	$ -	$ -	$ 303,000
Construction in progress	1,740,067	710,890	-	2,450,957
	2,043,067	710,890	-	2,753,957
Capital Assets Being Depreciated				
Port facility	8,880,699	-	-	8,880,699
Wastewater system	205,422	-	-	205,422
Improvements and equipment	1,077,103	-	-	1,077,103
	10,163,224	-	-	10,163,224
Accumulated depreciation	(5,792,075)	(305,207)	-	(6,097,282)
	4,371,149	(305,207)	-	4,065,942
	$ 6,414,216	$ 405,683	$ -	$ 6,819,899

Depreciation expense for the year ended December 31, 2016 was $305,207.

6. Economic Dependency

The majority of the Commission's rental revenue is derived from two customers – Bayou Diesel and CC Holdings. For the year ending December 31, 2016, approximately $175,000, or 51%, of rental revenue was received from Bayou Diesel, and $74,000, or 22% of rental revenue, was received from CC Holdings.

7. Retirement Plan

Louisiana State Employees' Retirement System

Plan Description

Employees of South Tangipahoa Parish 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.

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.

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.

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.

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.

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

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

Contributions
Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers. The Commission's contractually required composite contribution rate for the year ended December 31, 2016 was 37.20% 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 from the Commission were $44,595 for the year ended December 31, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At December 31, 2016, the Commission reported a liability of $500,679 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Commission's proportion of the Net Pension Liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Commission's proportion was 0.00638%, which was an increase of .00006% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Commission recognized pension expense of $51,584 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions.

At December 31, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 290	$ 4,644
Net difference between projected and actual actual earnings on pension plan investments	62,360	-
Changes in proportion	2,749	-
Employer contributions subsequent to the measurement date	21,598	-
	$ 86,997	$ 4,644

$21,598 reported as 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:

Period Ended:	Amount
12/31/17	$ 10,967
12/31/18	10,677
12/31/19	24,235
12/31/20	14,876
	$ 60,755

Actuarial Assumptions
A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 are as follows:

Valuation date:	June 30, 2016
Actuarial Cost Method:	Entry age normal cost
Estimated remaining service life ("ERSL"):	3 years
Investment rate of return	7.75% per annum
Inflation rate	3% per annum
Salary increases, including inflation and merit increases:	4-13%, including inflation
Cost of living adjustments:	Only those previously granted
Mortality rate	
Non-disabled members:	Mortality rates based on the RP-2000 Combined Healthy Mortality Table
Disabled members:	Mortality rates based on the RP-2000 Disabled Retiree Mortality Table

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 target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Expected Portfolio Real Rate of Return
Cash	-0.24%
Equity	9.79%
Fixed income	4.10%
Alternative investments	7.42%
Global asset allocation	2.92%
Total fund	5.30%

Discount Rate
The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.75%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75%) or one percentage-point higher (8.75%) than the current rate:

	1.0% Decrease (6.75%)	Current Discount Rate (7.75%)	1.0% Increase (8.75%)
Employer's proportionate share of the net pension liability	$ 615,130	$ 500,679	$ 429,583

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2015 Comprehensive Annual Financial Report at www.lasersonline.org.

Payable to Pension Plan

At December 31, 2016 the Commission accrued $4,466 as payable to the pension plan.

8. Other Post-Employment Benefits Plan

Plan Description
The Commission's medical benefits are provided through the Louisiana Office of Group Benefits (OGB). The Louisiana Office of Group Benefits (OGB) involves several statewide networks and one HMO with a premium structure by region. The plan provisions are contained in the official plan documents of the OGB, available at *www.groupbenefits.org - "Quick Links" - "Health Plans"*. The OGB plan is a fully insured, multiple-employer arrangement and has been deemed to be an *agent multiple-employer plan* (within the meaning of paragraph 22 of GASB 45) for financial reporting purposes and for this valuation.

The OGB "Medicare Advantage" plan has been assumed to apply to those employees after Medicare eligibility for purposes of this valuation. Medical benefits are provided to employees upon actual retirement. More than 80% of the employees are covered by the Teachers' Retirement System of Louisiana (TRSL), whose retirement eligibility (D.R.O.P. entry) provisions as follows: 30 years of service at any age; age 55 and 25 years of service; or, age 65 and 20 years of service. For employees not covered by TRSL, it was assumed that age 60 and 10 years of service also applied in addition to the foregoing provisions.

Life insurance coverage under the OGB program is available to retirees by election and the blended rate (active and retired) is $0.96 per $1,000 of insurance. The employer pays 50% of the cost of the retiree life insurance. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance. Insurance coverage amounts are reduced by 25% at age 65 and by an additional 25% at age 70 according to the OGB plan provisions.

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

Fund Policy
Until 2009, the Commission recognized the cost of providing post-employment medical and life insurance benefits (the Commission's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2016, the Commission incurred no expenses for its portion of health care and life insurance funding cost for retired employees.

Effective July 1, 2009, the South Tangipahoa Parish Port Commission implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution
The South Tangipahoa Parish Port Commission's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

The following table presents the required contribution for the year ended December 31, 2016:

Normal cost	$ 5,621
30-year UAAL amortization amount	4,089
Annual required contribution (ARC)	$ 9,710

The following table presents the Commission's OPEB obligation for the year ended December 31, 2016:

Beginning net OPEB obligation at January 1, 2015	$	40,807
Annual required contribution		9,710
Interest on net OPEB obligation		1,266
ARC adjustment		(1,831)
OPEB cost		9,145
Less contributions made		-
Change in net OPEB obligation		9,145
Ending net OPEB obligation at December 31, 2015	$	49,952

Funded Status and Funding Progress
The funded status of the Plan as of the most recent valuation date of January 1, 2015 is as follows:

Actuarial accrued liability (AAL)	$	73,538
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	$	73,538
Funded ratio (actuarial value of plan assets - AAL)		-
Covered payroll (annual payroll of active employees covered by the plan)		119,880
UAAL as a percentage of covered payroll		61%

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Commission and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Commission and its plan members to that point.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Commission and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

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

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

Turnover Rate
An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 2%.

Post-employment Benefit Plan Eligibility Requirements
It is assumed that entitlement to benefits will commence six years after earliest eligibility to enter the D.R.O.P. (three years in the D.R.O.P. plus an additional three years). Medical benefits are provided to employees upon actual retirement. More than 80% of the employees are covered by the Teachers' Retirement System of Louisiana (TRSL), whose retirement eligibility (D.R.O.P. entry) provisions as follows: 30 years of service at any age; age 55 and 25 years of service; or, age 65 and 20 years of service. For employees not covered by TRSL, it was assumed that age 60 and 10 years of service also applied in addition to the foregoing provisions. Entitlement to benefits continue through Medicare to death.

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

Health Care Cost Trend Rate
The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

Mortality Rate
The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

Method of Determining Value of Benefits
The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The OGB rates provided are "unblended" rates for active and retired as required by GASB 45 for valuation purposes. It has been assumed that the Humana Medicare Advantage program will be elected by 20% of retirees in the future.

Inflation Rate
Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases
This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases
The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

9. Subsequent Events

Management has evaluated subsequent events through June 23, 2017, which is the date the financial statements were available to be issued.

Required Supplementary Information

South Tangipahoa Parish Port Commission
Schedule of Funding Progress for OPEB Plan
For the Years Ended December 31, 2016, 2015, and 2014

Date of the Actuarial Valuation	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b - a) / c]
January 1, 2012	$ -	$ 61,633	$ 61,633	-	$ 118,539	52%
January 1, 2015	$ -	$ 73,538	$ 73,538	-	$ 119,880	61%

See independent auditor's report.

South Tangipahoa Parish Port Commission
Schedule of Employer's Proportionate Share of Net Pension Liability
For the Year Ended December 31, 2016

	6/30/2016	6/30/2015
Commission's proportion of the net pension liability	0.00638%	0.00632%
Commission's proportionate share of the net pension liability	$ 500,679	$ 429,583
Commission's covered-employee payroll	$ 119,880	$ 119,880
Commission's proportionate share of the net pension liability as a percentage of its covered employee payroll	418%	358%
Plan fiduciary net position as a percentage of the total pension liability	57.70%	62.70%

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

*** The amounts presented have a measurement date of June 30, 2016.*

South Tangipahoa Parish Port Commission
Schedule of Employer's Pension Contributions
For the Year Ended December 31, 2016

	12/31/2016	12/31/2015
Contractually required contribution	$ 44,595	$ 44,355
Contributions in relation to the contractually required contribution	44,595	44,355
Contribution deficiency (excess)	$ -	$ -
Commission's covered employee payroll	$ 119,880	$ 119,880
Contributions as a percentage of covered employee payroll	37.20%	37.00%

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

See independent auditor's report.

Supplementary Information

South Tangipahoa Parish Port Commission
Schedule of Compensation, Benefits, and Other Payments to Commission Head
For the Year Ended December 31, 2016

Commission Head: Patrick Dufresne
Position: Executive Director

Purpose		Amount
Salary	$	85,000
Benefits - insurance		5,714
Benefits - retirement		31,025
Reimbursements - office supplies		114
	$	121,853

See independent auditor's report.

Reports Required by

Government Auditing Standards

PINELL & MARTINEZ LLC
Certified Public Accountants

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Commissioners
South Tangipahoa Parish Port Commission
Ponchatoula, 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 South Tangipahoa Parish Port Commission, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise South Tangipahoa Parish Port Commission's basic financial statements, and have issued our report thereon dated June 23, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the South Tangipahoa Parish 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Tangipahoa Parish Port Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Tangipahoa Parish Port Commission's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Pinell & Martinez, LLC

Covington, Louisiana
June 23, 2017

South Tangipahoa Parish Port Commission
Summary of Auditor's Results and Schedule of Findings
For the Year Ended December 31, 2016

A. Summary of Auditor's Results

a. Financial Statements

Type of auditors' report issued: Unmodified

b. Internal control over financial reporting:

Material weaknesses identified	________yes	✓ no
Significant deficiencies identified not considered to be material weaknesses	________yes	✓ none noted

c. Noncompliance material to financial statements noted

Noncompliance material to financial statements noted	________yes	✓ no

B. Findings in Accordance with *Government Auditing Standards*

None noted.

South Tangipahoa Parish Port Commission
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2016

A. Findings in Accordance with *Government Auditing Standards*

None noted.