

RED RIVER WATERWAY COMMISSION

FINANCIAL STATEMENTS

December 31, 2016



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Red River Waterway Commission

Table of Contents

REPORT

Independent Auditors' Report	1
------------------------------	---

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	4
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FINANCIAL STATEMENTS

Required Supplementary Information	
Management's Discussion and Analysis (Unaudited)	6

Basic Financial Statements

Government-wide financial statements (GWFS)	
Statement of Net Position	11
Statement of Activities	12

Fund Financial Statements	
Balance Sheet – Governmental Funds	13
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	16

Notes to the Financial Statements	17
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Required Supplementary Information

Budgetary Comparison Schedule – General Fund	36
Schedule of the Employer's Proportionate Share of the Net Pension Liability	37
Schedule of the Employer's Contributions to the Fund and Notes to the Required Supplementary Information	38

Supplementary Information

Schedule of Per Diem Paid to Commission Members	40
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	41

Schedule of Findings and Responses	42
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INDEPENDENT AUDITORS' REPORT

Commissioners of the Red River Waterway Commission
Natchitoches, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Red River Waterway Commission as of and for the year ended December 31, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Red River Waterway Commission, as of December 31, 2016, and the respective changes in financial position 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 6 through 10 and the budgetary comparison information, the schedule of the employer's proportionate share of the net pension liability, and the schedule of the employer's contributions to the funds on pages 36 through 38, 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 opinions on the financial statements that collectively comprise the Red River Waterway Commission's basic financial statements. The schedule of per diem paid to commission members, and schedule of compensation, benefits and other payments to agency head or chief executive officer are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of per diem paid to commission members and schedule of compensation, benefits and other payments to agency head or chief executive officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2017, on our consideration of the Red River Waterway Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on 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 Red River Waterway Commission's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana

June 6, 2017



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

Commissioners of the Red River Waterway Commission
Natchitoches, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Red River Waterway Commission, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Red River Waterway Commission's basic financial statements, and have issued our report thereon dated June 6, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Red River Waterway 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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Red River Waterway Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Red River Waterway 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, of 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 the 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 considered 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 Red River Waterway 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2016-001.

Red River Waterway Commission's Response to Findings

Red River Waterway Commission's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Red River Waterway Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

This 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
June 6, 2017

Management's Discussion and Analysis (Unaudited)

Red River Waterway Commission Management's Discussion and Analysis (Unaudited)

This section of the Red River Waterway Commission's (Commission) annual financial report offers readers a narrative overview and analysis of the financial performance of the Commission for the year ended December 31, 2016. The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the Commission's financial statements, which immediately follow this section.

Financial Highlights

The assets of the Red River Waterway Commission exceeded its liabilities at the close of the most recent fiscal year by \$97,821,088 (net position). This is a decrease of \$855,492. Unrestricted net position which may be used to meet the Commission's ongoing obligations to citizens in accordance with the fund designation and fiscal policies represent \$52,585,299. This is a decrease of \$6,397,087 from the prior year.

As of the close of the current year, the Red River Waterway Commission's governmental funds reported combined ending fund balances of \$59,474,736. This is a decrease of \$4,040,100 from prior year. Forty (40%) percent of this total amount, or \$24,063,527, is unassigned and available for use within the Commission's designation and policies. This is an increase of \$224,407 from the prior year. The total general fund expenditures for the current year are 16% of the unassigned fund balance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Commission's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

Red River Waterway Commission Management's Discussion and Analysis (Unaudited)

The Statement of Activities presents information showing how the Commission's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future periods (e.g., uncollected taxes and earned, but unused, compensated absences).

The government-wide financial statements distinguish functions of the Commission that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Commission include general government, port and economic development, and recreation and culture. The government-wide financial statements can be found on pages 11-12 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Commission are classified as governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Commission maintains two governmental funds. Information is presented separately in the Balance Sheet- Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds for general and capital projects funds, both of which are considered to be major funds.

Red River Waterway Commission Management's Discussion and Analysis (Unaudited)

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 35.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Red River Waterway Commission, assets exceeded liabilities by \$97,821,088 as of December 31, 2016.

A large portion of the Commission's net position (39%) reflects its investments in capital assets (e.g., land, buildings, equipment, improvements, construction in progress and infrastructure). The Commission uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. The remaining balance of the Commission's net position represents resources that are used to maintain the capital assets and administrative expenses.

Red River Waterway Commission's Net Position

<i>December 31,</i>	2016	2015
Assets		
Current and other assets	\$ 60,504,939	\$ 64,354,341
Capital assets	38,072,003	35,027,822
Total assets	98,576,942	99,382,163
Deferred outflows of resources	1,013,606	368,471
Liabilities		
Long-term liabilities	939,224	292,557
Other liabilities	704,806	742,785
Total liabilities	1,644,030	1,035,342
Deferred inflows of resources	125,430	38,712
Net Position		
Invested in capital assets	38,072,003	35,027,822
Restricted	7,163,786	4,666,372
Unrestricted	52,585,299	58,982,386
Total net position	\$ 97,821,088	\$ 98,676,580

Red River Waterway Commission Management's Discussion and Analysis (Unaudited)

The following table provides a summary of the Commission's operations for years ended December 31, 2016 and 2015. For both years, the Commission was able to report positive balances in each category of net position.

Summary of Statement of Activities

<i>December 31,</i>	2016	2015
Revenues		
Program revenues		
Leasing and fees for services	\$ 173,231	\$ 340,427
General Revenues		
Property taxes	9,966,503	9,788,174
State revenue sharing	370,477	365,954
Intergovernmental revenue - FEMA	1,024,087	-
Interest and investment earnings	219,667	210,387
Miscellaneous	66,995	10,132
Total revenues	11,820,960	10,715,074
Expenses		
Public works and recreation	12,676,452	9,070,824
Change in net position	\$ (855,492)	\$ 1,644,250

Financial Analysis of the Government's Funds

Governmental Funds

The focus of the Red River Waterway Commission's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Red River Waterway Commission's governmental funds reported combined ending fund balances of \$59,474,736. Approximately 40% of this total amount constitutes unassigned fund balance. The remainder of the fund balance is committed to indicate that it is not available for new spending because it has already been committed to pay for capital assets, port infrastructure, or insurance.

Red River Waterway Commission Management's Discussion and Analysis (Unaudited)

Capital Assets

The Red River Waterway Commission's investment in capital assets (net of accumulated depreciation) for its governmental activities as of December 31, 2016, is \$38,072,003.

This investment in capital assets includes land, buildings, equipment, infrastructure and construction in progress.

<i>December 31,</i>	2016	2015
Land	\$ 16,984,052	\$ 16,984,052
Construction in progress	5,713,721	2,587,681
Buildings	5,011,804	5,011,804
Furniture, fixtures and equipment	933,733	888,710
Land improvements		
Groundwork	2,367,461	2,274,230
Structure	10,507,957	9,880,884
Boat ramps	8,387,904	8,387,905
Outdoor equipment	986,970	714,466
Infrastructure	7,063,295	7,036,817
Total capital assets	57,956,897	53,766,549
Less accumulated depreciation	(19,884,894)	(18,738,727)
Net capital assets	\$ 38,072,003	\$ 35,027,822

Additional information on the Red River Waterway Commission's capital assets can be found on page 26 of this report.

Economic Factors and Next Year's Budgets and Rates

The Commission considered all known and projected costs when preparing the budget for 2017. Revenues and expenditures for the general fund are expected to remain consistent with 2016. Expenditures for the capital projects fund are expected to decrease approximately \$4,000,000.

Request for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Commission's finances. If you have questions about this report or need any additional information, contact the Executive Director, at P. O. Box 776, Natchitoches, Louisiana, 71458, call (318) 352-7446, or e-mail at colinbrown@reddriverwaterway.com.

Basic Financial Statements

Government-Wide Financial Statements (GWFS)

Red River Waterway Commission
Statement of Net Position

<i>December 31,</i>	2016
Assets	
Cash	\$ 35,889,574
Investments	13,007,372
Receivables	9,924,485
Prepaid expenses	23,834
Restricted assets	1,659,674
Capital assets, net of accumulated depreciation	38,072,003
Total assets	98,576,942
Deferred Outflows of Resources	
Deferred pensions	1,013,606
Total deferred outflows of resources	1,013,606
Liabilities and Net Position	
Liabilities	
Accounts payable	319,053
Accrued expenses	385,753
Long-term liabilities	
Due within one year	
Accrued compensated absences	148,084
Due in more than one year	
Accrued compensated absences	77,278
Net pension liability	713,862
Total liabilities	1,644,030
Deferred Inflows of Resources	
Deferred pensions	125,430
Total deferred inflows of resources	125,430
Net position	
Invested in capital assets	38,072,003
Restricted	7,163,786
Unrestricted	52,585,299
Total net position	\$ 97,821,088

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

Red River Waterway Commission Statement of Activities

<i>For the year ended December 31, 2016</i>	Expenses	Program Revenues		Net (Expense)
		Leasing and Fees for Services	Capital Grants and Contributions	Revenue and Change in Net Assets
Functions/programs				
Governmental activities				
Public works and recreation	\$ 12,676,452	\$ 173,231	\$ -	\$ (12,503,221)
<hr/>				
Total governmental activities	\$ 12,676,452	\$ 173,231	\$ -	\$ (12,503,221)
<hr/>				
General Revenues				
Taxes				
Property taxes				9,966,503
State revenue sharing				370,477
Intergovernmental revenue				1,024,087
Interest and investment earnings				219,667
Miscellaneous				66,995
<hr/>				
Total general revenues				11,647,729
<hr/>				
Change in net assets				(855,492)
<hr/>				
Net position - beginning				98,676,580
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Net position, end of year				\$ 97,821,088

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

Fund Financial Statements

Red River Waterway Commission Balance Sheet – Governmental Funds

<i>December 31, 2016</i>	Capital Projects		
	General	Fund	Total
Assets			
Cash	\$ 15,384,731	\$ 20,504,843	\$ 35,889,574
Investments	5,463,096	7,544,276	13,007,372
Receivables, net of allowance for uncollectibles			
Taxes	3,380,642	6,278,336	9,658,978
State revenue sharing	90,881	168,779	259,660
Other	5,847	-	5,847
Prepaid expenses	23,834	-	23,834
Restricted assets			
Cash	1,562,954	-	1,562,954
Due to/from funds	2,811	(2,811)	-
Total assets	\$ 25,914,796	\$ 34,493,423	\$ 60,408,219
Liabilities, deferred inflows and fund balances			
Liabilities			
Accounts payable	\$ 23,256	\$ 295,797	\$ 319,053
Accrued expenses	185,022	200,731	385,753
Total liabilities	208,278	496,528	704,806
Deferred inflows of resources			
Unavailable revenue - property taxes	80,037	148,640	228,677
Total deferred inflows	80,037	148,640	228,677
Fund balances			
Committed	1,562,954	12,296,562	13,859,516
Assigned	-	21,551,693	21,551,693
Unassigned	24,063,527	-	24,063,527
Total fund balances	25,626,481	33,848,255	59,474,736
Total liabilities, deferred inflows and fund balances	\$ 25,914,796	\$ 34,493,423	\$ 60,408,219

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

Red River Waterway Commission Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

Total fund balances of governmental funds	\$	59,474,736
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Those assets consists of:

Cost of capital assets	57,956,897	
Less accumulated depreciation	(19,884,894)	38,072,003

Some of the Commission's property taxes were collected more than sixty days after year-end, therefore, are not available soon enough to pay for current-period expenditures.		228,677
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Deferred outflows of resources reported in the Statement of Net Position		1,013,606
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Deferred inflows of resources reported in the Statement of Net Position		(125,430)
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Long-term assets consists of accrued amounts that are not expected to be received in the current period

Long-term assets at December 31, 2016		
Accounts receivable		96,720

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds

Long-term liabilities at December 31, 2016		
Net pension liability		(713,862)
Compensated absences payable		(225,362)

Net position	\$	97,821,088
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The accompanying notes are an integral part of these financial statements.

Red River Waterway Commission
Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds

<i>December 31, 2016</i>	General Fund	Capital Projects Fund	Totals
Revenues			
Ad valorem taxes, including penalties and interest	\$ 3,407,431	\$ 6,330,396	\$ 9,737,827
Intergovernmental revenues			
State revenue sharing	129,667	240,810	370,477
FEMA	285,297	738,790	1,024,087
Leasing and fees for services			
Leasing	128,415	-	128,415
Park fees	44,816	-	44,816
Oil and gas royalties	66,365	-	66,365
Land and timber sales	26,395	-	26,395
Interest revenues	84,324	135,343	219,667
Total revenues	4,172,710	7,445,339	11,618,049
Expenditures			
Current			
Public works	3,037,621	278,522	3,316,143
Recreation and parks	615,172	-	615,172
Port development	80,000	7,084,831	7,164,831
Capital outlay	87,191	4,192,334	4,279,525
Statutory charges			
Retirement system	106,850	198,435	305,285
Total expenditures	3,926,834	11,754,122	15,680,956
Excess of revenues over (under) expenditures	245,876	(4,308,783)	(4,062,907)
Other financing resources			
Gain (loss) on investment sales	(36,904)	44,276	7,372
Proceeds of general fixed asset dispositions	15,435	-	15,435
Net change in fund balances	224,407	(4,264,507)	(4,040,100)
Fund balance, beginning of year	25,402,074	38,112,762	63,514,836
Fund balance, end of year	\$ 25,626,481	\$ 33,848,255	\$ 59,474,736

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

**Red River Waterway Commission
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances – Governmental
Funds to the Statement of Activities**

Net change in fund balances - total governmental funds \$ (4,040,100)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense.

Capital outlay (Total additions per Note 5, \$5,298,810, less work in process transferred to capital assets, \$1,066,294 in 2016)	\$ 4,232,516	
Capital asset disposals, net	(21,296)	
Depreciation expense	(1,167,039)	3,044,181

Revenues reported in the statement of activities are not reported in governmental funds, because they do not provide current financial resources. This adjustment is to recognize the net change in unavailable revenues for property taxes.

228,677

The net pension liability is not susceptible to accrual and therefore is not reported in the funds. This amount represents the change in the net pension liability

(645,183)

Change in deferred outflows of resources

645,135

Change in deferred inflows of resources

(86,718)

Some expenses reported in the statement of activities do not require the use of current financial resources and , therefore are not reported as expenditures in governmental funds.

Long-term assets not representing current resources

Long-term compensated absences increase in current year

(1,484)

Change in net position

\$ (855,492)

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

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Red River Waterway Commission (the Commission) was created by Act No.17 of the Louisiana Legislature for the year 1965 as a body politic and corporate of the State of Louisiana and the powers of the Commission are enumerated in La. R.S. 34:2301-2317. The Commission is not subject in any respect to the authority, control or supervision of any regulatory body of the state or any political subdivision thereof. The Commission is composed of all territories located within the parishes of Avoyelles, Rapides, Natchitoches, Red River, Grant, Bossier, and Caddo. The Commission was created to establish, operate, and maintain a navigable waterway system extending from the vicinity of the confluence of the Red River with Old River and the Atchafalaya River northwestward in the Red River Valley to the state boundary. The commissioners administer the operations and responsibilities of the Commission in accordance with Louisiana statutes. Members of the commission are appointed by the governor with one member from each parish being selected from the recommendations of the respective Police Juries, Levy Boards and Red River Valley Association. The Secretary of the Louisiana Department of Transportation and Development (DOTD) serves as ex-officio chairman of the Red River Waterway Commission.

Reporting Entity

The Red River Waterway Commission, for financial purposes, includes all of the governmental funds relevant to the operations of the Red River Waterway Commission. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Red River Waterway Commission.

The Division of Administration of the State of Louisiana has determined that the Red River Waterway Commission is a primary government and not a component unit or agency of the state government for financial reporting purposes.

Basis of Presentation

The accompanying basic financial statements of the Commission have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments, issued in June 1999 as amended by GASB Statement 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34."

The government-wide financial statements (GWFS) include the Statement of Position and the Statement of Activities. These statements report information on all of the governmental activities of the Commission. There are no fiduciary or component units.

Red River Waterway Commission Notes to the Financial Statements

The Statement of Activities presents a comparison between direct expenses and program revenues for the functions of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Program revenues include (a) leasing, royalties and charges paid by the recipients of services offered by the Commission and (b) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program services, including property taxes, are presented as general revenues.

Fund Financial Statements (FFS)

The accounts of the Red River Waterway Commission are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund balance, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two governmental funds as follows:

General Fund

The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund

This fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities.

Measurement Focus Basis of Accounting

The governmental financial statements were prepared using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet.

The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Commission's operations.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current

Red River Waterway Commission Notes to the Financial Statements

period or soon enough thereafter to pay liabilities of the current period. The Commission considers revenues available if they are collected within sixty (60) days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The government-wide financial statements are accounted for using an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or an economic asset used.

The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and state revenue sharing are recorded in the year they become due and payable. Ad valorem taxes are assessed for the calendar year, become due on December 30 of each year, and become delinquent on December 31. The taxes are generally collected in December, January or February. The lien date is January 1, when interest begins accumulating at one-percent monthly. Revenue sharing is generally collected in three (3) equal installments in December, March and May.

Intergovernmental revenues, leasing, royalties and charges for services are recorded when the Commission is entitled to the funds.

Interest income on time deposits is recorded as earned.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources

Proceeds from the sale of land and surplus capital assets are accounted for as other financing sources (uses).

Budgetary Accounting

The Commission follows these procedures in establishing the budgetary data reflected in the financial statements:

The Commission is excluded from the provisions of Act 504 of 1980 (Budget Act) by Attorney General Opinion 80-1561. The Commission has developed an expenditure budget for the operating and maintenance (general fund) and the construction (capital projects fund) in order to maintain improved control over expenditures. Revenues were not budgeted in detail, but were assumed sufficient to cover the expenditures.

- a. Based on improved data, the budget is periodically amended and approved by the Board of Commissioners.
- b. The budgetary comparison schedule, a required supplemental schedule, for the General Fund and Capital Projects Fund present comparisons of legally adopted budgets with actual data on a budgetary basis. Accounting principles applied for purposes of developing data on a budgetary basis is in conformity with accounting principles generally accepted in the United States of America.
- c. Unused appropriations for annually budgeted funds lapse at the end of year.
- d. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Fund Balances of Fund Financial Statements - GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" requires the fund balance amounts to be reported within the fund balance categories as follows:

Nonspendable

This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Commission did not have any nonspendable resources as of December 31, 2016.

Restricted

This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Commission did not have any restricted resources as of December 31, 2016.

Committed

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Commission. These amounts cannot be used for any other purpose unless the Commission removes or changes the specified use by taking the same type of action (board action) that was employed when the funds were initially

Red River Waterway Commission Notes to the Financial Statements

committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Commission had committed resources as of December 31, 2016, as set forth in Note 9.

Assigned

This classification includes amounts that are constrained by the Commission's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commission or by an official or body to which the Commission delegates the authority. The Commission had \$21,551,693 in assigned resources as of December 31, 2016.

Unassigned

This classification includes the residual fund balance for the General Fund. The General Fund had \$24,063,527 at December 31, 2016, classified as unassigned.

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing time deposits. Cash equivalents include amounts in time deposits with original maturities of 90 days or less. Under state law, the Commission may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets are recorded in the Statement of Net Position. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes.

Red River Waterway Commission Notes to the Financial Statements

All capital assets, other than land, are depreciated using the straight-line method over the useful lives as follows:

Asset Group	Years
Furniture, fixtures and equipment	5 to 10
Vehicles	5
Buildings	40
Land improvements and infrastructure	20 to 30
Boat ramps	50
Outdoor equipment	20

Compensated Absences

Employees earn and accumulate vacation and sick leave at various rates, depending on their years of service. The amount of vacation and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused vacation leave at the employee's hourly rate of pay. Upon retirement, unused vacation leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. In addition, employees are due unused comp time in accordance with Commission policy.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or resources (expense/expenditure) until then. The Commission has one item that meets this criterion: contributions made to the pension plan in the 2016 fiscal year and deferrals of changes of assumptions, changes in proportion, and differences between Commission contributions and proportionate share of contributions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Commission has several items that meet the criterion for this category: deferrals of difference between expected and actual experience, difference between projected and actual earnings on pension plan investment, and changes in proportion and pension expense.

Investments

The Red River Waterway Commission is a political subdivision of the State of Louisiana and has the authority to invest in direct U.S. Treasury obligations and U.S. Government Agency obligations under R.S. 33:2955.

Inventory

Purchase of operating supplies are regarded as expenditures at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year.

Interfund receivables and payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Claims and Judgments

Claims and judgments are recorded in governmental funds for the amount that will be liquidated with current available financial resources. The remainder of any liability is recorded in the government-wide financial statements.

Allowance for Uncollectible Accounts

Ad valorem taxes are not considered fully collectible. An allowance for uncollectible accounts was established to satisfy the measurability criterion.

Net Position Classifications

In the government-wide financial statements, net position are classified and displayed in components:

Invested in capital assets - Consists of capital assets, net of accumulated depreciation.

Restricted net position - Consists of net position with constraints placed on the use either by (1) the Board of Commissioners or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets".

In the fund financial statements, governmental fund net position is classified as fund balance. Fund balance is further classified as nonspendable, committed and unassigned.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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

Red River Waterway Commission Notes to the Financial Statements

financial statements and the reported amounts of revenues, expenditures, expenses, and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

Adoption of New Financial Standards

The Commission adopted GASB Statement No. 72, *Fair Value Measurement and Application*, during the current fiscal year ended December 31, 2016. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. The Commission's financial statements and note disclosures reflect any required changes.

NOTE 2: CASH

Cash includes demand deposits and time deposits, recorded at cost, which approximates fair value. Under state law, the Red River Waterway Commission may deposit funds only within a fiscal agent bank organized under the laws of the State of Louisiana. Furthermore, the Commission may invest in time deposits or certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in the State of Louisiana. The Commission has cash and restricted cash (book balance) totaling \$35,889,574 (of which \$35,085,932 are invested in time deposits) and \$1,562,954 (of which \$1,562,954 is also invested in time deposits), respectively at December 31, 2016. Cash and restricted cash are stated at cost, which approximates fair value. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging bank or in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer or a custodial bank that is mutually acceptable to the parties involved.

The following is a summary of deposit balances (bank balances) at December 31, 2016, with the related federal deposit insurance and pledged securities:

	Deposits	Value of Pledged Securities	Federal Insurance	Over Secured	Under Secured
Cash	\$ 36,718,445	\$ 45,830,456	\$ 3,250,000	\$ 10,865,844	\$ 66,788
Restricted cash	1,562,954	1,562,954	-	-	-
Total	\$ 38,281,399	\$ 47,393,410	\$ 3,250,000	\$ 10,865,844	\$ 66,788

Red River Waterway Commission Notes to the Financial Statements

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Category 1- Deposits which are insured or collateralized with securities held by the Commission or by its agent in the Commission’s name.

Category 2 - Deposits which are collateralized with securities held by the pledging financial institution’s trust department or by its agent in the Commission’s name.

Category 3 - Deposits which are not collateralized or insured.

Based on these three levels of risk, the Commission’s cash deposits are classified as Category 1.

NOTE 3: INVESTMENTS

Information about the exposure of the Commission’s investment risk, using the segmented time distribution model is as follows:

	Standard & Poor's Rating	Percentage of Total Portfolio	Fair Market Value	Months to Maturity				Level
				0-6	7-12	13-24	Over 24	
Cash Reserves	N/A	0%	\$ 46,776	\$ 46,776	\$ -	\$ -	\$ -	1
U.S. Agency & Treasury Bonds	AA+	100%	12,960,596	-	1,000,556	4,386,078	7,573,962	1
		100%	\$ 13,007,372	\$ 46,776	\$ 1,000,556	\$ 4,386,078	\$ 7,573,962	

Fair Value Measurements

GASB Statement No. 72, establishes a hierarchy of inputs to valuation techniques used to measure fair value. The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The implementation of this new statement did not change the method of measuring the fair value of the Commission’s assets. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1—Investments reflect prices quoted in active markets.
- Level 2—Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3—Investments reflect prices based upon unobservable sources.

Red River Waterway Commission
Notes to the Financial Statements

NOTE 4: RECEIVABLES

Receivables, net of allowance for uncollectible accounts are as follows:

<i>December 31, 2016</i>	Capital		
	General Fund	Projects Fund	Total
Ad valorem taxes – gross	\$ 3,415,674	\$ 6,343,395	\$ 9,759,069
Intergovernmental revenue			
State revenue sharing	90,881	168,779	259,660
Other	5,847	-	5,847
Subtotal	3,512,402	6,512,174	10,024,576
Less allowance for uncollectible accounts	(35,032)	(65,059)	(100,091)
Total	\$ 3,477,370	\$ 6,447,115	\$ 9,924,485

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

<i>December 31, 2016</i>	Beginning			Ending
	Balance	Additions	Deductions	Balance
General Fund				
Buildings	\$ 1,569,697	\$ -	\$ -	\$ 1,569,697
Furniture and equipment	888,710	87,191	42,168	933,733
Subtotal	2,458,407	87,191	42,168	2,503,430
Less: Accumulated depreciation	(1,269,830)	(121,781)	(20,872)	(1,370,739)
Total	1,188,577	(34,590)	21,296	1,132,691
Capital Projects Fund				
Land	16,984,052	-	-	16,984,052
Work in progress	2,587,681	4,192,334	1,066,294	5,713,721
Buildings	3,442,107	-	-	3,442,107
Land improvements-groundwork	2,274,229	93,232	-	2,367,461
Land improvements-structure	9,880,886	627,071	-	10,507,957
Boat ramps	8,387,904	-	-	8,387,904
Outdoor equipment	714,466	272,504	-	986,970
Infrastructure	7,036,817	26,478	-	7,063,295
Subtotal	51,308,142	5,211,619	1,066,294	55,453,467
Less: accumulated depreciation	(17,468,897)	(1,045,258)	-	(18,514,155)
Total	33,839,245	4,166,361	1,066,294	36,939,312
Net capital assets	\$ 35,027,822	\$ 4,131,771	\$ 1,087,590	\$ 38,072,003

Red River Waterway Commission Notes to the Financial Statements

Capital assets, when declared as surplus by the Commission, no longer have any service utility and are reported as an impairment loss in the Statement of Activity. During 2016, impaired capital assets with a gross carrying amount of \$42,168 were declared as surplus with a net carrying amount of \$21,296 being reported as an impairment loss. At December 31, 2016, the carrying amount of idle impaired capital assets amounted to \$95,314.

NOTE 6: LONG-TERM ASSETS AND LIABILITIES

The long-term assets of the Commission, which are due from governmental activities, consist of receivable amounts due from the U. S. Army Corps of Engineers (Corps of Engineers or COE) relative to cost share agreements for Pools 1 and 2 as follows:

<u>Accrued charges - 50% cost share in Pools 1 and 2</u>	\$	96,720
<u>Total</u>	\$	96,720

These amounts are included in restricted assets and restricted net position, respectively, on the statement of net position.

The long-term liabilities of the Commission, which are due to governmental activities, consist of liabilities for accrued compensated absences (see activity in the schedule below) and the net pension liability (see Note 7), which are included on the statement of net position.

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Compensated absences	\$ 223,878	\$ 149,568	\$ 148,084	\$ 225,362	\$ 148,084
<u>Total</u>	<u>\$ 223,878</u>	<u>\$ 149,568</u>	<u>\$ 148,084</u>	<u>\$ 225,362</u>	<u>\$ 148,084</u>

NOTE 7: RETIREMENT SYSTEM

Substantially all employees of the Commission are required by state law to belong to the retirement plan administered by the Parochial Employees' Retirement System of Louisiana (PERS), which is administered on a statewide basis. PERS is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Red River Waterway Commission are members of Plan A.

PERS issues a separate financial report that includes financial statements and required supplementary information. This report may be found on PERS' website: www.persla.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Red River Waterway Commission Notes to the Financial Statements

Plan Description

Employees of the Commission are provided with pensions through a cost-sharing multi-employer defined benefit pension plan, administered by the Parochial Employees' Retirement System of Louisiana (PERS). PERS was established and provided for by R.S. 11:1901 of the Louisiana Revised Statute (LRS).

Benefits Provided

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

Retirement Benefits

Plan A – Members hired prior to January 1, 2007, may retire providing he/she meets one of the following criteria: 1) Any age with 30 or more years of creditable service, 2) Age 55 with 25 years of creditable service, 3) Age 60 with a minimum of 10 years of creditable service, 4) Age 65 with a minimum of 7 years of creditable service. Members hired after January 1, 2007, may retire providing he/she meets one of the following criteria: 1) Age 55 with 30 years of service, 2) Age 62 with 10 years of service, 3) Age 67 with 7 years of service.

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits

Upon the death of any member of Plan A with five or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age fifty.

Deferred Retirement Option Plan (DROP) benefits

In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the

Red River Waterway Commission Notes to the Financial Statements

plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued in the DROP benefits for the period between the end of DROP participation and the member's retirement date.

Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

Cost of Living Increases

The Board of PERS is authorized to provide a cost of living allowance for those retiree who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirement. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1997, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments top provide an annual 2.5% cost of living adjustment commencing at age 55.

Employer Contributions

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2015, the actuarially determined contribution rate was 10.40% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2015, was 14.50% for Plan A.

According to state statute, PERS also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. PERS also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing

Red River Waterway Commission Notes to the Financial Statements

monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. Contributions to the pension plan from the Commission were \$201,071 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 \$713,862 for its proportionate share of the net pension liability. The net position liability was measured as of December 31, 2015, 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 December 31, 2015, the Commission's proportion was .271194%, which was an increase of .019998% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Commission recognized pension expense of \$308,700, less the Commission's amortization of change in proportionate share and difference between employer contributions and proportionate share of contributions of \$1,129.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (121,633)
Net difference between projected and actual earnings on pension plan investments	812,261	-
Changes in proportion	273	(2,590)
Differences between Commission contributions and proportionate share of contributions	-	(1,207)
Employer contributions subsequent to the measurement date	201,071	-
Total	\$ 1,013,605	\$ (125,430)

Red River Waterway Commission Notes to the Financial Statements

Deferred outflows of resources of \$201,071 related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended December 31, 2016. 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 ended December 31:

	2017	\$	161,345
	2018	\$	161,347
	2019	\$	161,347
	2020	\$	203,065

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2015, are as follows:

Valuation Date	December 31, 2015
Actuarial Cost Method	Plan A and B - Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return	7.00%, net of investment expenses
Salary Increases	Plan A and B - 5.25% (2.75% Merit/2.50% inflation)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by PERS and includes granted cost of living increases. The present values does not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality	RP-2000 Employee Mortality Table was selected for active members. RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries. RP-2000 Disables Lives Mortality Table

The discount rate used to measure the total pension liability was 7.00% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Red River Waterway Commission Notes to the Financial Statements

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates 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 rates 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 of 2.0% and an adjustment for the effect of rebalancing/ diversification. The resulting expected long-term rate of return is 7.55% for the year ended December 31, 2015.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2015, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Fixed income	34%	1.06%
Equity	51%	3.56%
Alternative	12%	0.74%
Real assets	3%	0.19%
Totals	100%	5.55%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.55%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010, through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

Red River Waterway Commission Notes to the Financial Statements

Sensitivity to Changes in Discount Rate:

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, 6.00%, or one percentage point higher, 8.00%, than the current rate:

	Plan A		
	Changes in Discount Rate 2015		
	1%	Current	1%
	Decrease	Discount	Increase
	6.00%	7.00%	8.00%
Net Pension Liability (Asset)	\$ 1,788,480	\$ 713,862	\$ (194,322)

Support of Non-employer Contributing Entities:

Contributions received by a pension plan from non-employer contributing entities and 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 year ended December 31, 2016, the Commission recognized revenue as a result of support received from non-employer contributing entities of \$19,733.

Payables to the Pension Plan:

At December 31, 2016, the Commission had payables to the pension plan totaling \$76,901 for the December 2016 employee and employer legally required contributions. These amounts are included in accrued expenses.

NOTE 8: LEVIED TAXES

The River Waterway Commission's, (a multi-parish Commission) authorized and levied ad valorem tax millage of 2.34 for the year ended December 31, 2016, is allocated 65 percent to capital outlay and 35 percent to maintenance as follows:

Red River Waterway Commission Taxes	Authorized Millage	Levied Millage
Capital outlay (Capital Projects Fund)	1.52	1.52
Maintenance (General Fund)	0.82	0.82

Red River Waterway Commission Notes to the Financial Statements

Property taxes are recorded as receivables and revenues in the year assessed, net of an estimated allowance for uncollectible accounts of \$100,091. Property taxes totaling \$228,677 not collected within 60 days of year end have been deferred in the fund financial statements.

NOTE 9: COMMITTED / RESTRICTED FUND BALANCES

The Commission has the following committed/restricted fund balances at December 31, 2016:

	General Fund	Capital Projects Fund	Total
Capital outlays	\$ -	\$ 6,695,730	\$ 6,695,730
Port commitments	-	5,504,112	5,504,112
Supplemental insurance	1,562,954	-	1,562,954
Total committed funds	1,562,954	12,199,842	13,762,796
Long-term receivables	-	96,720	96,720
Total restricted funds	\$ 1,562,954	\$ 12,296,562	\$ 13,859,516

NOTE 10: RESTRICTED ASSETS

The Commission has the following restricted assets used in governmental activities at December 31, 2016:

General fund	
Cash deposits for supplemental insurance	\$ 1,562,954
Capital project funds	
Long-term receivables	96,720
Total restricted assets	\$ 1,659,674

The Commission committed \$750,000 of its fund balance to supplement the high cost of liability insurance and be primarily used to offset the higher deductible used to obtain lower premiums on its primary liability coverage. The interest earned is to be considered additional committed funds.

The long-term receivables consist of amount due from the Corp of Engineers for their 50% cost share expenditures incurred under the Pools 1 and 2 cost share agreement.

Red River Waterway Commission Notes to the Financial Statements

NOTE 11: LITIGATION AND CLAIMS

The Red River Waterway Commission is continually faced with lawsuits and claims as a result of expropriation of property for right-of-ways and damages resulting from the normal operation of the waterway. Any known cost that would be incurred by the Red River Waterway Commission relative to these litigations and claims has been anticipated in developing the annual budget and would not be considered a contingency. At December 31, 2016, claims have been estimated in the aggregate amount of approximately \$250,000. It is possible this will change materially in the year term.

NOTE 12: COMMITMENTS

The Red River Waterway Commission has entered into or agreed to enter into certain intergovernmental cooperative agreements for the development of ports. At December 31, 2016, the total commitments and the amounts expended to date are as follows:

Port	Commitments	Expended	Remaining Balance
Avoyelles	\$ 606,243	\$ 527,372	\$ 78,871
Central Louisiana Regional	1,771,350	463,039	1,308,311
Caddo-Bossier	748,546	22,466	726,080
Natchitoches	500,000	4,150	495,850
Red River	2,895,000	-	2,895,000
Total	\$ 6,521,139	\$ 1,017,027	\$ 5,504,112

Pursuant to design and construction contracts awarded in the development of recreation areas, levee structures, access roads and relocation projects, the Commission has commitments at December 31, 2016, for the unexpended portion of these contracts in the amount of \$5,504,112. This amount is included in the restricted net position of \$7,163,786 on the statement of net position.

Required Supplementary Information

Red River Waterway Commission Budgetary Comparison Schedule – General Fund

For the year ended December 31, 2016

(GAAP)

	Budget		Actual	Variance-
	Original	Final		Favorable (Unfavorable)
Revenues				
Ad valorem taxes, including penalties and interest	\$ -	\$ -	\$ 3,407,431	\$ -
Intergovernmental	-	-	414,964	-
Interest revenues	-	-	84,324	-
Other	-	-	265,991	-
Total revenues	4,174,243	4,244,243	4,172,710	(71,533)
Expenditures				
Current:				
Public works	3,305,343	3,375,343	3,037,621	337,722
Recreation and parks	600,100	600,100	615,172	(15,072)
Port development	80,000	80,000	80,000	-
Capital outlay	113,800	113,800	87,191	26,609
Statutory charges:				
Retirement system	75,000	75,000	106,850	(31,850)
Total expenditures	4,174,243	4,244,243	3,926,834	317,409
Excess of revenues over (under) expenditures	-	-	245,876	245,876
Other financing resources				
Gain (loss) on investment sales	-	-	(36,904)	(36,904)
Proceeds of general fixed asset dispositions	-	-	15,435	15,435
Excess of revenues and other sources over (under) expenditures	\$ -	\$ -	224,407	224,407
Fund balance, beginning of year			25,402,074	
Fund balance, end of year			\$ 25,626,481	

See Independent Auditors' Report.

Red River Waterway Commission Schedule of the Employer's Proportionate Share of the Net Pension Liability

Parochial Employees' Retirement System of Louisiana (PERSLA) - Plan A

Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability
2015	0.271194%	713,862	1,554,917	46%	99.2%
2014	0.251196%	68,679	1,097,038	6%	99.1%
2013	0.243507%	17,305	1,285,206	1%	99.8%

*Amounts presented were determined as of the measurement date.

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

**Red River Waterway Commission
Schedule of the Employer's Contributions to the
Fund and Notes to the Required Supplementary Information**

Parochial Employees' Retirement System of Louisiana (PERSLA) - Plan A

Year	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Employee Payroll	Contributions as a % of Required Contributions
2016	201,071	201,071	-	1,546,700	13.00%	100%
2015	225,463	225,463	-	1,554,917	14.50%	100%
2014	175,526	175,526	-	1,097,038	16.00%	100%

*Amounts presented were determined as of the end of the fiscal year (December 31).

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 of Benefit Terms

There were no changes of benefit terms for the year ended December 31, 2016.

Changes of Assumptions

There were no changes of benefit terms for the year ended December 31, 2016.

Supplementary Information

**Red River Waterway Commission
Schedule of Per Diem Paid to Commission Members**

For the year ended December 31, 2016

Name	Number of Meetings	Per Diem Paid
Andrew J. Hodges, III	14	\$ 1,050
A. Paul Fleming	26	1,950
Randell A. Fletcher	20	1,500
James F. Maxey	23	1,725
W. Alvin Owens	5	375
Rogers M. Prestridge	16	1,200
William David Jones	20	1,500
Larry Kent Sayes	21	1,575
James D. Brown	20	1,500
David L. Crutchfield, II	16	1,200
Total	181	\$ 13,575

See Independent Auditors' Report.

Red River Waterway Commission
Schedule of Compensation, Benefits, and Other
Payments to Agency Head or Chief Executive Officer

Agency Head Name: Kenneth P. Guidry

Purpose	Amount
Salary	\$ 139,116
Benefits-insurance	16,710
Benefits-retirement	18,085
Car allowance	5,672
Cell phone	739
Travel	7,343
Total	\$ 187,665

See Independent Auditors' Report.

Red River Waterway Commission Schedule of Findings and Responses

Current Year Findings and Responses

2016-001 Under Collateralized Deposits

Criteria or Specific Requirement: As required by Louisiana RS 39:1211 through 39:1273, all deposits are required to be insured or collateralized.

Condition: We noted the certificates of deposit held at the Union Bank were not fully insured, causing the Red River Waterway Commission to have exposure totaling \$66,788.

Effect: The Commission was not in compliance with Louisiana RS 39:1211 through 39:1273, stating all deposits must be insured or collateralized.

Cause: Periodic review by the aforementioned bank on behalf of the Commission was not performed to identify the excess uncollateralized deposits.

Recommendation: We recommend the Commission review monthly the pledged securities and the bank balances to ensure that all balances are appropriately secured.

Management's Corrective Action: We will coordinate with the bank to ensure that there is sufficient collateral on all deposits in the future.

Prior Year Findings and Responses

2015-001 Under Collateralized Deposits

Year of Origin: December 31, 2015

Condition: We noted the certificates of deposit held at the Simmesport Bank were not fully insured, causing the Red River Waterway Commission to have exposure totaling \$1,427.

Status: Unresolved. This finding is repeated in 2016 due to uncollateralized deposits at a different depository.