BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2017

P&N
Postlethwaite & Netterville
A Professional Accounting Corporation
www.pncpa.com

BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2017

TABLE OF CONTENTS

P&N
Postlethwaite & Netterville

30th Floor, Energy Centre, 1100 Poydras Street - New Orleans, LA 70163-3000
One Galleria Boulevard, Suite 2100 - Metairie, LA 70001
800-201-7332 Phone - 504-837-5990 Phone - 504-834-3609 Fax - pncpa.com

A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

The Board of Commissioners of the
Port of New Orleans:

Report on the Financial Statements

We have audited the accompanying financial statements of the Board of Commissioners of the Port of New Orleans (the Port) as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Port'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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free 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 opinion.

Postlethwaite & Netterville

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port as of June 30, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in conformity 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 12, the Schedules of Funding Progress on page 57, the Schedule of Proportionate Share of the Net Pension Liability on page 58, and the Schedule of Contributions on page 59 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 Port's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to the Agency Head on page 60 and Revenue Bonds Debt Coverage Schedule on page 61 are presented for purposes of additional analysis and are not a required part of the basic financial statements. This schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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, this schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

P&N

Postlethwaite & Netterville

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2017, on our consideration of the Port'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 Port's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Metairie, Louisiana
October 18, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Board of Commissioners of the Port of New Orleans (Board) annual financial report presents a discussion and analysis of the Board's financial performance for the Fiscal Year ended June 30, 2017. The Board is a political subdivision of the State of Louisiana formed in 1896. The Board is considered a special purpose entity and as such reports transactions related to its activities similar to those found in the private sector. Please read it in conjunction with the Board's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Board's financial performance for Fiscal Year 2017 continued with its eighth year of strong growth since the Great Recession and a record year in operating revenue. Operating revenues for Fiscal Year 2017 were $65.3 million with strong increases in both terminal operations and cruise operations. Operating expenses increased in Fiscal Year 2017 but at a lower amount than the growth in revenues; this combination produced net operating income of $16.9 million before depreciation compared to $14.8 million in Fiscal Year 2016. There were increases in break bulk volumes, container revenues, and cruise passenger revenue. In Fiscal Year 2016 the decrease in operating revenues were due to lower break bulk volumes compared to Fiscal Year 2015's strong steel imports offset by continued growth in container volumes and cruise revenues. Real estate revenues continue to hold steady at $6.6 million for Fiscal Years 2017, 2016 and 2015.

The Boards net position for Fiscal 2017 decreased by $11.8 million due to an increase in pension expense from the Government Accounting Standards Board (GASB) pronouncement 68 amortization (non-cash) of deferred amounts related to net pension liability of $4.4 million and the reduction in capital contributions from federal and state grants of $9.1 million. In comparison, the Board's net position in Fiscal 2016 decreased by $6.3 million due to an increase in depreciation for assets placed in service and loss on disposal of fixed assets offset by a $3.2 million increase in capital contributions from state and federal grants.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the notes to the financial statements and reports on compliance and internal control over financial reporting and federal programs.

The Board'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 government units and implements applicable GASB pronouncements. 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. The statement of net position presents financial information on all of the Port's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 Port is improving or deteriorating. The statement of activities presents information showing how the Port's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The financial statements are designed to provide readers with a broad overview of the Port's finances, in a manner similar to a private sector business. The financial statements provide both long and short-term information about the Board'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.

FINANCIAL ANALYSIS

Net Position

The Board's total assets and deferred outflows of resources at June 30, 2017 are $725.9 million. This represents an increase of $235,000 from the prior year. Total liabilities and deferred inflows are $198.2 million for an increase of $12.1 million or 6.5 percent due to an increase in net pension liability of 11.9 million. Total net position is $527.7 million, a decrease of $11.8 million from Fiscal Year 2016. The comparison of Fiscal Year 2016 to 2015 indicated a decrease for 2016 of $18.5 million in total assets and deferred outflows and a decrease of approximately $6.3 million in net position. (See Table 1).

Table 1
Statements of Net Position
(in thousands of dollars)

	2017	2016	Change	2015
Current assets	$ 79,024	$ 86,853	-9.0%	$ 101,091
Restricted assets	10,537	10,524	0.1%	10,460
Property (net)	617,917	616,617	0.2%	616,426
Other assets	242	274	-11.7%	307
Deferred outflows of resources	18,177	11,394	59.5%	15,900
Total assets and deferred outflows	$ 725,897	$ 725,662	0.0%	$ 744,184
Current liabilities	$ 25,749	$ 21,745	18.4%	$ 21,278
Net pension liability	61,531	49,601	24.1%	52,476
Revenue bonds payable	93,874	97,437	-3.7%	100,774
Other non-current liabilities	16,232	16,402	-1.0%	15,481
Deferred inflows of resources	801	940	-14.8%	8,312
Total liabilities and deferred inflows	198,187	186,125	6.5%	198,321
Net position:				
Invested in capital assets, net of related debt	521,523	516,946	0.9%	512,280
Restricted	10,537	10,524	0.1%	10,460
Unrestricted	(4,350)	12,067	-136.0%	23,123
Total net position	527,710	539,537	-2.2%	545,863
Total liabilities and net assets	$ 725,897	$ 725,662	0.0%	$ 744,184

The item, "Net investment in capital assets," consists of capital assets net of accumulated depreciation and reduced by the amount of outstanding indebtedness (offset by the debt related to unspent bond proceeds) attributable to the acquisition, construction, or improvement of those assets.

Fiscal Year 2017 current assets decreased by $7.8 million or 9.0 percent as increases in trade receivables, inventory and prepaid items was offset by decreases in cash and investments. Non-current assets decreased by $8.0 million mainly from changes in deferred outflows of resources related to deferred amounts due to pension liabilities and increases in capital assets.

Current assets for Fiscal Year 2016 current assets decreased by $14.2 or 14.1 percent as increases in trade receivables, inventory and prepaid items was offset by government receivables and uses of cash for construction purposes. Non-current assets decreased by $4.3 million mainly from changes in deferred outflows of resources related to deferred amounts related to pension liabilities.

Fiscal Year 2017 current liabilities increased $4.0 million or 18.4 percent when compared to Fiscal Year 2016. Non-current liabilities increased by $8.2 million mainly due 11.9 million increase in net pension liability offset by $3.6 million in payments on the Board bond obligations.

Fiscal Year 2016 current liabilities increased $0.5 million or 2.2 percent when compared to Fiscal Year 2015. Non-current liabilities decreased by $12.7 million mainly due to payments on the Board debt obligations decreases in deferred inflows of resources related to deferred amounts related to pension liabilities offset by an increase in the Board's worker's compensation reserve.

Changes in Net Position

The changes in net position for the year ended June 30, 2017, when compared to June 30, 2016, is a decrease of $11.8 million or 2.2%. Operating revenue increased $4.3 million and operating expenses increased $1.6 million.

Non-operating revenue and expense had Fiscal Year 2017 net expenses $1.0 million lower than Fiscal Year 2016. This was mainly due to lower nonrecurring expenses related to noncash expenses of various studies and non-capital projects offset by higher cash expense for onetime costs.

Capital contributions decreased by $9.1 million in Fiscal Year 2017 versus Fiscal Year 2016 due to lower reimbursements from other governments for capital projects.

In Fiscal Year 2016 versus Fiscal Year 2015 the changes in net position for the year ended June 30, 2016, when compared to June 30, 2015, is a decrease of $6.3 million or 1.2%. Operating revenue decreased $1.6 million and operating expenses increased $2.0 million.

In the area of non-operating revenue and expense, Fiscal Year 2016 had net expense $2.5 million higher than Fiscal Year 2015. This was mainly due to lower sales of assets and an increase in nonrecurring expenses related to noncash expenses of various studies and non-capital projects offset by lower demolition cost.

Capital contributions were higher by $3.2 million in Fiscal Year 2016 versus Fiscal Year 2015 as the reimbursements from other governments for capital projects increased 37.1%.

The changes in net position are detailed in Table 2 and operating expenses are detailed in Table 3.

Table 2
Changes in Net Position
(in thousands of dollars)

	2017	2016	Percentage Change	2015
Operating Revenues:				
Terminal operations	$ 43,643	$ 41,701	4.7%	$ 43,631
Cruise and tourism	14,984	12,623	18.7%	12,252
Real estate	6,639	6,628	0.2%	6,635
Total operating revenues	65,266	60,952	7.1%	62,518
Operating Expenses:				
Operating expenses	48,437	46,149	5.0%	44,935
Depreciation	26,445	27,121	-2.5%	26,352
Total operating expenses	74,882	73,270	2.2%	71,287
Operating loss	(9,616)	(12,318)	21.9%	(8,769)
Non-operating revenues/(expenses), net				
Investment income	348	812	-57.1%	395
Interest expense	(4,652)	(4,769)	-2.5%	(4,643)
Hurricane loss	(43)	(45)	-4.4%	(123)
Gain on sale of assets	640	-	n/a	2,540
Non-recurring expenses	-	(1,615)	-100.0%	-
Demolition costs	(401)	(188)	113.3%	(758)
Miscellaneous - net	(1,026)	(246)	317.1%	(747)
Loss before contributions	(14,750)	(18,369)	-19.7%	(12,105)
Capital revenue from state and federal programs	2,924	12,043	-75.7%	8,786
Change in net position	(11,826)	(6,326)	86.9%	(3,319)
Total net position, beginning of the year	539,536	545,862	-1.2%	549,181
Total net position, end of year	$ 527,710	$ 539,536	-2.2%	$ 545,862

Table 3
Operating Expenses
(in thousands of dollars)

	2017	2016	Percentage Change	2015
Payroll expense	$ 18,898	$ 19,503	-3.1%	$ 18,815
Pension expense	10,383	5,491	89.1%	6,525
Other benefits expense	5,460	5,586	-2.3%	5,626
Labor and Fringe benefits	34,741	30,580	13.6%	30,966
Travel, promotion and advertising	1,232	1,288	-4.3%	1,355
Professional fees	1,317	1,338	-1.6%	1,469
Fuel and utilities	2,998	2,908	3.1%	2,982
Maintenance agreements	747	735	1.6%	722
Maintenance	2,318	2,415	-4.0%	2,250
Other	2,282	2,483	-8.1%	2,079
Less capitalized labor	(1,446)	(1,892)	-23.6%	(1,716)
Security fee reimbursement	(743)	(939)	-20.9%	(1,014)
Insurance	4,230	4,525	-6.5%	4,825
Workers' compensation	761	2,708	-71.9%	1,152
Total other expenses	13,696	15,569	-12.0%	14,104
Depreciation	26,446	27,121	-2.5%	26,352
Total operating expenses	$ 74,883	$ 73,270	2.2%	$ 71,422

The total increase in operating expense, when comparing Fiscal Year 2017 to Fiscal Year 2016, is approximately $1.6 million or 2.2 percent. The major category of increase was pension expense due to GASB 68 amortization of deferred outflows. Major areas of reduction were payroll, insurance, contract labor, and workman's compensation expense. There were also reductions in capitalized labor due to reduced capital activity and lower labor cost and lower security fee reimbursement.

Labor and fringe benefits increased in Fiscal Year 2017 by $4.2 million or 13.6 percent. Salaries were lower by $0.6 million due mainly to effects of organizational restructuring, retirements and unfilled positions. Pension expense was up by $4.9 million due to the effects of GASB 68 entries for changes in the Boards proportion in the state pension plan (LASERS) and LASERS lower than expected performance in is Fiscal Plan Year 2016. Other benefits were down 2.3 percent due to lower staffing levels. Labor and fringe benefits decreased in Fiscal Year 2016 by $0.4 million. Salaries were higher by $0.7 million due mainly to merit and promotional increases, filling of vacant positions and increases to Information Technology staff. Fringe benefits for Fiscal Year 2016 were down $1.1 million due to significant reductions in Harbor Police Department pension contributions due to the transferring of the plan to the state pension plan (LASERS).

Fuel and utilities increased $90,000 or 3.1 percent in Fiscal Year 2017 due mainly to increase electricity usage. Fuel and utilities decreased $74,000 in Fiscal Year 2016. Water increased $175,000 due to a 10% increase in water cost by the Sewerage & Water Board. These increases were offset by $211,000 decrease in diesel fuel for vessels as the cost of diesel was lower.

Professional fees decreased in Fiscal Year 2017 by $21,000 or 1.6 percent. Professional fees decreased in Fiscal Year 2016 by $131,000. Port Development Division professional fees were reduced by $113,000 as bridge inspections returned to normal levels.

For Fiscal Year 2017 workers' compensation expense was lower by $1.9 million or 72 percent as no new larger claims were established compared to the previous year. For Fiscal Year 2016 workers' compensation expense was higher by $1.6 million. The Board experienced two new reserved claims of $287,000 and increased its prior year's accident reserves by $1.3 million.

For Fiscal Year 2017 depreciation increased $0.7 million or 2.5% as the number of major projects placed in service decreased for the year. For Fiscal Year 2016 depreciation increased $0.8 million or 2.9% as the number of major projects decreased for the year.

For Fiscal Year 2017 property insurance decreased by $0.3 million or 6.5 percent as the worldwide insurance premiums continued to decrease for another year. For Fiscal Year 2016 property insurance decreased by $0.3 million or 6.2 percent as the worldwide insurance premiums continued to decrease

For Fiscal Year 2017 the security fee credits decreased $196,000 or 20.9 percent. For Fiscal Year 2016 the security fee credits decreased $75,000 or 7.4 percent.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2017, the Board had invested $617.9 million in capital assets net of accumulated depreciation. As compared to the prior year, this amount represents an increase (including additions and disposals) of $1.3 million. Fiscal Year 2016 was a net increase of $190,000 million over Fiscal Year 2015.

Debt Administration

The Board made its regularly scheduled payments on its Port Facility Revenue Bonds, Series 2008, Series 2010, Series 2011, Series 2012 and Series 2013A&B. Total bond debt payments, principle and interest for the Fiscal Year 2017 were $7.2 million.

All bond debt and lease covenants have been met.

The Board commenced payments in Fiscal Year 2013 on the $14.4 million of debt assistance provided by the State of Louisiana under the Gulf Opportunity Zone Act of 2005 (GO Zone). Payments of $1.3 million of principal and interest during Fiscal Year 2017 continued as provided for under the GO Zone agreement. This debt balance as of June 30, 2017 was $10.6 million.

Additional detailed information relating to capital assets and debt administration is presented in the financial statements and notes number 4, "Property, Net" and 5, "Non-Current Liabilities".

ECONOMIC FACTORS

General Cargo volumes have been generally increasing for over eight fiscal years. Specifically, related to cargo volumes, Port container volumes decreased 30,218 units or 5.7 percent when comparing to Fiscal Year 2016 however container revenues were increased due to different leases terms for the two container tenants. Breakbulk, in Fiscal Year 2017 had an increased in tonnage by 494,000 or 17.7 percent. In comparison, Port containers increased by 4,313 units or 0.8 percent in Fiscal Year 2016 versus Fiscal Year 2015. Breakbulk decreased 769,000 tons or 21.6 percent.

The cruise sector increased passenger volumes in Fiscal Year 2017 to 1.1 million passengers a 15.7 percent increase over FY26. This was due mainly to having the larger Carnival Dream for the full fiscal year. For Fiscal 2016 cruise passengers decreased by 61,000 passengers to 974,000. This was due to Carnival Cruise line experimenting with two 21 day cruises but offset by the larger Carnival Elation replacing the Carnival Dream in April 2016

Real estate revenues for Fiscal 2017 increased by $11,000 or 0.2 percent. Fiscal 2016 were lower by $8,000 or 0.0 percent.

CONTACTING THE BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide our bondholders, the public, patrons, and other interested parties with a general overview of the Board's finances and to demonstrate the Board's accountability for the funds received. If you have any questions about this report or need additional financial information, contact the Board at (504) 528-3559.

FINANCIAL STATEMENTS

BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS
NEW ORLEANS, LOUISIANA

STATEMENTS OF NET POSITION
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 24,948,590	$ 22,449,462
Investments	35,783,427	39,386,519
Accounts receivable, less allowance for doubtful accounts of $278,373 and $278,369 at June 30, 2017 and 2016	8,607,688	7,519,192
Due from other governments	125,336	7,961,783
Stores inventory	5,530,099	5,655,772
Prepaid items	4,029,304	3,879,983
Total current assets	79,024,444	86,852,711
NON-CURRENT ASSETS		
Restricted cash, cash equivalents, and investments:		
Revenue bond covenant accounts	6,605,255	6,592,010
Deep draft lock escrow	3,931,714	3,931,714
Total restricted assets	10,536,969	10,523,724
Capital assets - net	617,917,142	616,616,667
Other assets	241,778	274,330
Total non-current assets	628,695,889	627,414,721
TOTAL ASSETS	707,720,333	714,267,432
DEFERRED OUTFLOWS OF RESOURCES		
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding	1,003,437	1,073,000
Deferred amounts related to net pension liability	17,173,488	10,321,051
TOTAL DEFERRED OUTFLOWS OF RESOURCES	18,176,925	11,394,051
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 725,897,258	$ 725,661,483
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 11,901,416	$ 7,064,424
Revenue bonds payable - current	3,450,000	3,225,000
Debt service assistance program loan payable - current	858,048	820,041
Capital leases payable - current	62,875	33,677
Accrued interest payable	1,122,577	1,169,907
Unearned income	5,536,951	5,099,253
Workers compensation reserve	1,270,422	2,121,160
Other liabilities	1,546,979	2,211,963
Total current liabilities	25,749,268	21,745,425

(Continued)

STATEMENTS OF NET POSITION - CONTINUED
JUNE 30, 2017 AND 2016

		2017		2016
LIABILITIES (continued)				
NON-CURRENT LIABILITIES				
Revenue bonds payable	$	93,874,438	$	97,436,757
Debt service assistance program loan payable		9,754,755		10,612,761
Capital leases payable		10,593		48,702
Net pension liability		61,530,625		49,601,046
Post-employment benefit obligation		2,386,051		2,363,403
Compensated absences payable		1,589,138		1,793,127
Workers compensation reserve		2,490,905		1,583,840
Total non-current liabilities		171,636,505		163,439,636
TOTAL LIABILITIES		197,385,773		185,185,061
DEFERRED INFLOWS OF RESOURCES				
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to net pension liability		801,479		940,032
TOTAL DEFERRED INFLOWS OF RESOURCES		801,479		940,032
NET POSITION				
NET POSITION				
Net investment in capital assets	$	521,522,673	$	516,945,531
Restricted for revenue bond debt service		6,605,255		6,592,010
Restricted for deep draft lock		3,931,714		3,931,714
Unrestricted (deficit)		(4,349,636)		12,067,135
TOTAL NET POSITION		527,710,006		539,536,390
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$	725,897,258	$	725,661,483

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

BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS
NEW ORLEANS, LOUISIANA

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
OPERATING REVENUES		
Terminal operations	$ 43,643,374	$ 41,701,399
Cruise and tourism	14,983,507	12,623,249
Real estate rentals	6,639,107	6,627,675
Total operating revenues	65,265,988	60,952,323
OPERATING EXPENSES		
Payroll and benefits:		
Payroll expense	18,898,320	19,503,457
Pension expense	10,383,403	5,490,503
Other benefits expense	5,460,445	5,585,746
Total payroll and benefits	34,742,168	30,579,706
Other operating expenses:		
Travel, promotion and advertising	1,231,699	1,287,711
Professional fees	1,316,647	1,338,014
Utilities	2,997,558	2,908,320
Maintenance agreements	746,833	735,485
Maintenance expenses	2,317,801	2,414,855
Other costs	2,282,090	2,484,272
Capital allocations	(1,445,651)	(1,891,787)
Security fees	(743,267)	(939,493)
Insurance	4,229,598	4,523,897
Workers' compensation	761,813	2,707,254
Total other operations expenses	13,695,121	15,568,528

(Continued)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - CONTINUED
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Depreciation	26,445,832	27,121,703
Total operating expenses	74,883,121	73,269,937
OPERATING LOSS	(9,617,133)	(12,317,614)
NON-OPERATING REVENUES (EXPENSES)		
Investment income	347,640	812,264
Interest expense	(4,651,553)	(4,768,953)
Hurricane loss	(42,453)	(45,404)
Gain(Loss) on disposal of assets	640,650	-
Demolition costs	(401,366)	(187,794)
Canceled capital projects	-	(1,614,614)
Miscellaneous - net	(1,026,326)	(247,590)
Total non-operating expenses	(5,133,408)	(6,052,091)
LOSS BEFORE CONTRIBUTIONS	(14,750,541)	(18,369,705)
CAPITAL CONTRIBUTIONS	2,924,157	12,043,483
CHANGE IN NET POSITION	(11,826,384)	(6,326,222)
NET POSITION, BEGINNING OF YEAR	539,536,390	545,862,612
NET POSITION, END OF YEAR	$ 527,710,006	$ 539,536,390

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

BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS
NEW ORLEANS, LOUISIANA

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and users	$ 64,647,738	$ 63,296,743
Payments to suppliers	(8,881,777)	(18,908,003)
Payments to employees	(19,832,318)	(19,078,429)
Payments of benefits on behalf of employees	(10,826,284)	(15,010,124)
Net cash provided by operating activities	25,107,359	10,300,187
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Expenditures for acquisition and construction of capital assets	(27,762,168)	(29,622,915)
Proceeds from sales of capital assets	712,625	281,325
Capital contributions from other governments	10,760,604	11,572,796
Payment on refunded bonds	(2,419,675)	(2,760,000)
Repayments of principal borrowed to finance acquisition and construction of capital assets	(819,999)	(783,639)
Interest paid on amounts to finance acquisition and construction of capital assets	(5,546,964)	(4,855,047)
Demolition costs and other	(1,427,688)	(816,124)
Hurricane costs	(42,453)	(45,404)
Net cash used in capital and related financing activities	(26,545,718)	(27,029,008)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(27,972,086)	(24,726,874)
Proceeds from sales and maturities of investments	31,575,178	24,667,808
Investment income received	347,640	812,264
Net cash provided by (used in) investing activities	3,950,732	753,198

(Continued)

BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS
NEW ORLEANS, LOUISIANA

STATEMENTS OF CASH FLOWS - CONTINUED
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
NET DECREASE IN CASH AND CASH EQUIVALENTS	2,512,373	(15,975,623)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	29,041,472	45,017,095
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 31,553,845	$ 29,041,472
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	$ (9,617,133)	$ (12,317,614)
Adjustments to reconcile loss from operations to net cash provided by operating activities:		
Depreciation	26,445,832	27,121,703
Workers compensation reserve	56,327	1,923,580
Changes in assets, deferred outflows, liabilities, and deferred inflows relating to operating activities:		
Accounts and insurance receivable	(1,088,500)	(349,390)
Stores inventories	125,673	(292,365)
Prepaid items	(149,321)	(248,641)
Other assets	32,552	32,476
Deferred outflow of resources related to net pension liability	(6,852,437)	4,436,258
Accounts payable	4,836,992	(2,798,469)
Unearned income	437,698	2,661,334
Other liabilities	(730,009)	221,823
Net pension liability	11,929,579	(2,874,800)
Post-employment benefit obligation	22,648	(46,201)
Compensated absences payable	(203,989)	203,205
Deferred inflow of resources related to net pension liability	(138,553)	(7,372,712)
Net cash provided by operating activities	$ 25,107,359	$ 10,300,187
RECONCILIATION TO STATEMENTS OF NET ASSETS:		
Cash and cash equivalents for cash flow statements include:		
Cash and cash equivalents	$ 24,948,590	$ 22,449,462
Restricted assets:		
Restricted for revenue bond debt service	6,605,255	6,592,010
Total cash and cash equivalents	$ 31,553,845	$ 29,041,472
SUPPLEMENTAL DISCLOSURE OF NON-CASH FLOW INFORMATION:		
Noncash increase (decrease) in fair value of investments	$ 97,863	$ (183,382)
Canceled capital projects	$ -	$ 1,614,614

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

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Board of Commissioners of the Port of New Orleans (the Port) is an independent political subdivision of the State of Louisiana, which is authorized by Louisiana Revised Statutes 34:1-47. The Port is governed by a Board of Commissioners (the Board) consisting of seven members appointed by the Governor. The Board has all the powers and privileges granted to it by the constitution and statutes of the State of Louisiana including, but not limited to, the authority to incur debt, to issue bonds, to construct and maintain wharves and landings, and to charge fees for the use of the wharves and o ther facilities administered by the Port.

The Port prepares its financial statements in accordance with standards issued by the Governmental Accounting Standards Board (GASB).

The Port is reported as a stand-alone entity as defined by GASB Statements No. 34 and 61, relating to the financial reporting entity. The Port is neither fiscally dependent on any other local government nor does it provide specific financial benefits to or impose specific financial burdens on any other government. No other potential component units meet the criteria for inclusion in the financial statements of the Port.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting policies of the Port conform to accounting principles generally accepted in the United States of America as applicable to governments. The government–wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses, excluding depreciation and amortization, are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The Port's accounts are organized into a single proprietary fund. The Port's operations are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. Operating revenues and expenses are distinguished from non-operating items. Operating revenues and expenses generally result from leasing properties or providing services. Operating expenses include the cost of providing services, administrative services and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis Accounting and Financial Statement Presentation (continued)

Under the provisions of GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* the Port applies all applicable Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 in accounting for its operations unless those pronouncements conflict or contradict GASB pronouncements.

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.

Investments

Investments of the Port, substantially all of which have original maturities of two years or less, are recorded at fair value. Fair value is based on quoted market prices. All investment income, including changes in the fair value of the investments, is recognized in the Statements of Revenues, Expenses, and Changes in Net Position.

Stores Inventory

The inventory of the Port consists of expendable materials, supplies and fuel and is valued at the lower of average cost or market.

Restricted Assets

Under an agreement with the U.S. Army Corps of Engineers (Corps) the proceeds of land sales to the Corps in 2002 and 2003 have been put into an escrow fund to be used to pay the Port's share of a deep draft lock on the Inner Harbor Navigation Canal. Gains on the sales of land of approximately $10,100,000 and $5,600,000 were recognized for the years ended June 30, 2003 and 2002 respectively. Interest income related to these restricted assets was $-0- for the years ended June 30, 2017 and 2016, respectively.

Including investment income, the balance in this restricted account as of May 31, 2014 was $20,947,524. In June of 2014, the Corps agreed to release $17,015,810 of the funds in exchange for the Port foregoing its request for a deeper draft for the lock. As of June 30, 2015, the entire amount of $17,015,810 had been transferred leaving a cash balance of $3,931,714. The balance remained $3,931,714 as of June 30, 2017.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Assets (continued)

Certain proceeds of the Port's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because they are maintained in separate investment accounts and their use is limited by applicable bond requirements.

Capital Assets and Depreciation

The Port capitalizes assets that have an individual cost of $500 or more and an estimated useful life in excess of one year. Capital assets constructed or acquired by purchase are stated at cost. Donated capital assets are stated at the estimated fair value on the date received.

Depreciation of capital assets and amortization of capital lease assets is computed using the straight-line method over the following estimated useful lives:

Wharves and sheds	40 – 50 years
Roadways and drainage	20 years
Marshalling areas	15 years
Buildings	15 – 40 years
Machinery and equipment	3 – 40 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital asset and improvements are capitalized as projects are constructed. The Port's policy is to capitalize construction period interest, if any. For capital assets purchased with externally restricted debt, capitalized interest is the difference between interest expense and interest earnings on invested proceeds of the debt. The capitalization period begins with the date of borrowing and ends when the asset is put into service.

Debt and Amortization

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

Unearned Income

Operating revenues include rental income derived from leasing Port-owned properties. Amounts due from certain lease agreements are billed in advance and recognition of the related revenue is deferred and recognized over the appropriate lease term.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

Employees accumulate vacation and sick leave at varying rates according to years of service. Upon termination, 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.

Pension Plans

The Port is a participating employer in a defined benefit pension plan (plan) as described in Note 9. For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from each plans' fiduciary net position have been determined on the same basis as they are reported by each of the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within each plan.

Statements of Cash Flows

For purposes of the statement of cash flows, cash and cash equivalents consist of demand deposits with banks, overnight repurchase agreements, and money market mutual funds.

Deferred Inflows and Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The deferred charge on refunding reported on the statements of net position results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. See Note 9 for the components of deferred outflows and inflows of resources related to the pension plan.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. These reclassifications had no effect on previously reported change in net position.

2. CASH AND INVESTMENTS

The Port's cash and investments consist primarily of deposits with financial institutions and investments in direct obligations of the United States Treasury or agencies thereof.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Under state law, all deposits are secured by federal depository insurance or the pledge of securities held by the pledging banks agent in the Port's name. At June 30, 2017 and 2016, the carrying amount of the Port's deposits (demand deposits and certificates of deposit) was $13,978,461 and $24,741,444 and the related bank balances were $13,438,003 and $26,047,705 respectively. Of the bank balances, $750,000 and $750,000 were covered by federal depository insurance and $20,565,380 and $25,297,705 were covered by collateral held by the pledging banks' trust department or agent in the Port's name at June 30, 2017 and 2016, respectively.

Investments

The Port may invest idle funds as authorized by Louisiana Statutes and the Port's investment policy 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) Debt instruments issued by the state of Louisiana or any of its political subdivisions with a rating of at least BBB- or higher by Standard and Poor and the final maturity can be no more than three years.

(d) Bonds, debentures, notes or other indebtedness issued by a state of the United States of America other than Louisiana or any such state's political subdivisions with a minimum rating A- or higher by Standard and Poor and the final maturity can be no more than three years.

(e) Top Tier A1/P1 rated Commercial Paper

(f) Security Repurchase Agreements

(g) 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.

2. CASH AND INVESTMENTS (continued)

The Port invests monies with the Louisiana Asset Management Pool (LAMP). LAMP is considered to be an external investment pool administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local Louisiana government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33.2955.

The following facts are relevant for LAMP:

- Credit risk: LAMP is rated AAA by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days.
- Foreign currency risk: Not applicable.

LAMP values its investments at fair value based on quoted market values. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares which approximates net asset value (NAV).

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and board of directors. LAMP is not registered with the SEC as an investment company.

An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP.

LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

Cash and investments were included in the Statements of Net Position as of June 30 as follows:

	2017	2016
Cash and cash equivalents	$ 24,948,590	$ 22,449,462
Investments – current assets	35,783,427	39,386,519
Restricted assets	10,536,969	10,523,724
	$ 71,348,275	$ 72,359,705

2. CASH AND INVESTMENTS (continued)

Included in cash and investments at June 30, were the following:

	2017	2016
U.S. Treasury Notes	$ 6,539,064	$ 6,604,753
U.S. Government Agencies	20,703,218	36,817,721
Money market mutual funds	15,405,111	3,931,714
LAMP	14,722,421	264,073
Deposits:		
Certificates of deposit	500,000	2,500,000
Demand deposit with banks	13,478,461	22,241,444
Total cash and investments	$ 71,348,275	$ 72,359,705

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Port has a formal investment policy that targets investment maturities equal to or less than three years as a means of managing its exposure to fair value losses arising from increasing interest rates. In addition, approximately 40% of the Port's portfolio shall be one year or less for liquidity reasons and interest rate volatility risk.

As of June 30, 2017, the Port had the following investments and maturities.

		Remaining Maturity (in Years)	
	Fair Value	Less Than One	1 – 5
U.S. Treasury Notes	$ 6,539,064	$ 6,539,064	$ -
Certificates of Deposit	500,000	500,000	-
U.S. Government Agencies	20,703,218	11,375,712	9,327,506
Total	$ 27,742,282	$ 18,414,776	$ 9,327,506

As of June 30, 2016, the Port had the following investments and maturities.

		Remaining Maturity (in Years)	
	Fair Value	Less Than One	1 – 5
U.S. Treasury Notes	$ 6,604,753	$ 6,604,753	$ -
Certificates of Deposit	2,500,000	2,500,000	-
U.S. Government Agencies	36,817,721	17,185,595	19,632,126
Total	$ 45,922,474	$ 26,290,348	$ 19,632,126

2. CASH AND INVESTMENTS (continued)

Credit Risk

State law limits investments to instruments as described under "Investments" for the purpose of safety of principal. The Port's investment policy does not further limit its investment choices. LAMP has been rated AAA by Standard & Poor's Corporation. The Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Home Loan Bank Consolidated Bonds and the Federal Farm Credit Banks are all rated AA+ by Standard & Poor's Corporation. The money market mutual funds and the Brokerage Cash Account are unrated accounts.

3. FAIR VALUE MEASUREMENT

The Port categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Port has the following recurring fair value measurements as of June 30, 2017, and 2016:

	Fair Value Measurements – June 30, 2017		
	Level 1	Level 2	Level 3
U.S. Treasury Notes	$ -	$ 6,539,064	$ -
U.S. Government Agencies	-	20,703,215	-
Total	$ -	$ 27,242,279	$ -

	Fair Value Measurements – June 30, 2016		
	Level 1	Level 2	Level 3
U.S. Treasury Notes	$ -	$ 6,604,753	$ -
U.S. Government Agencies	-	36,817,721	-
Total	$ -	$ 43,422,474	$ -

4. DUE FROM OTHER GOVERNMENTS

Due from other governments consists of 1) state funds from the Louisiana Department of Transportation and Development for facility planning and control projects, flood control projects and port priority projects and 2) state funds from the Louisiana Department of Environmental Quality Office of Management and Finance for a clean truck replacement incentive program. At June 30, 2017 and 2016, amounts due are as follows:

	2017	2016
U.S. Department of Transportation Maritime Administration	$ -	$ 7,961,783
U.S. Department of Environmental Quality Office of Management and Finance	125,336	-
Total	$ 125,336	$ 7,961,783

BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS, NET

A summary of changes in property is as follows:

	June 30, 2016	Additions	Deletions	June 30, 2017
Property not being depreciated:				
Land and improvements	$ 72,466,711	$ -	$ (71,975)	$ 72,394,736
Construction in progress	57,871,626	27,471,885	(2,211,098)	83,132,414
Total property not being depreciated	130,338,337	27,471,885	(2,283,073)	155,527,150
Property being depreciated:				
Property (wharves, buildings, etc.)	898,843,528	643,894	-	899,487,422
Furniture and fixtures	16,735,629	482,894	(9,994)	17,208,525
Equipment	32,078,692	1,431,597	(18,075)	33,492,212
Total property being depreciated	947,657,849	2,558,383	(28,069)	950,188,159
Less accumulated depreciation				
Property (wharves, buildings, etc.)	(436,694,240)	(23,601,693)	-	(460,295,933)
Furniture and fixtures	(12,266,063)	(983,470)	9,234	(13,240,296)
Equipment	(12,419,216)	(1,860,797)	18,075	(14,261,938)
Total accumulated depreciation	(461,379,519)	(26,445,960)	27,309	(487,798,167)
Total property being depreciated, net	486,278,330	(23,887,577)	(760)	462,389,992
Property, net	$ 616,616,667	$ 3,584,308	$ (2,283,833)	$ 617,917,142

	July 1, 2016	Additions	Deletions	June 30, 2016
Property not being depreciated:				
Land and improvements	$ 72,479,919	$ -	$ (13,208)	$ 72,466,711
Construction in progress	44,323,015	25,957,661	(12,409,050)	57,871,626
Total property not being depreciated	116,802,934	25,957,661	(12,422,258)	130,338,337
Property being depreciated:				
Property (wharves, buildings, etc.)	890,063,966	8,779,562	-	898,843,528
Furniture and fixtures	16,140,430	662,270	(67,071)	16,735,629
Equipment	28,387,719	4,616,187	(925,214)	32,078,692
Total property being depreciated	934,592,115	14,058,019	(992,285)	947,657,849
Less accumulated depreciation				
Property (wharves, buildings, etc.)	(412,549,631)	(24,144,609)	-	(436,694,240)
Furniture and fixtures	(11,122,048)	(1,204,002)	59,987	(12,266,063)
Equipment	(11,297,097)	(1,772,509)	650,390	(12,419,216)
Total accumulated depreciation	(434,968,776)	(27,121,120)	710,377	(461,379,519)
Total property being depreciated, net	499,623,339	(13,063,101)	(281,908)	486,278,329
Property, net	$ 616,426,273	$ 12,894,560	$ (12,704,166)	$ 616,616,667

5. CAPITAL ASSETS, NET (continued)

Construction in progress consists of the following at June 30, 2017 and 2016:

	2017	2016
Hurricane Katrina Damages	$ 703,151	$ 4,682,533
Wharf, Shed, & Yard Rehabs	76,369,892	33,463,061
Reimbursable Damages	1,491,721	1,636,335
Hurricane Isaac Storm Damages	336,766	628,631
Roadways	107,108	2,794,154
Industrial Properties	913,818	817,953
Security	127,400	105,064
Drainage	661	300,804
Cranes	569,757	1,275,654
Cruise Terminal Improvements	432,881	4,484,639
Bridges	160,090	4,482,780
Utilities	9,717	243,588
Cold Storage	-	40
Other	1,909,452	2,956,389
Total	$ 83,132,414	$ 57,871,626

Total interest incurred by the Port was $4,651,553 and $4,768,953 for the years ended June 30, 2017 and 2016, respectively. There were no earnings on invested proceeds of the debt during the years ended June 30, 2017 and 2016. The differences between interest incurred on debt for capital assets and interest earnings on invested proceeds of the debt totaled $4,651,553 and $4,768,953 for the years ended June 30, 2017 and 2016, respectively. No amounts were included as part of the cost of capital assets under construction in progress for either of the years ended June 30, 2017 and 2016.

As part of the Port's long-term capital construction program, commitments related to such capital construction projects were approximately $51.7 million and $91.0 million as of June 30, 2017 and 2016, respectively.

6. NON-CURRENT LIABILITIES

Long-Term Debt

Long-term debt consists of the following at June 30, 2017 and 2016:

	2017	2016
Revenue bonds payable	$ 95,630,000	$ 98,855,000
Premium and discounts	1,694,438	1,806,757
	97,324,438	100,661,757
Less current portion	(3,450,000)	(3,225,000)
Long-term debt non-current	$ 93,874,438	$ 97,436,757

On May 29, 2008, the Port issued $13,640,000 of Port Facility Refunding Revenue Bonds, Series 2008. The bonds mature in the year 2038. Proceeds were used to refund $8,110,000, $1,340,000 and $1,775,000 of the Revenue Bonds Series 2001, 2002 and 2003, respectively. The bonds are limited obligations of the Port and are payable solely from and secured a pledge of the net revenues derived by the Port from the entire port and harbor system and certain funds and accounts created under the bond indenture. In addition, the Series 2008 Bonds are secured by a Financial Guaranty Insurance Policy. Interest on the bonds is payable semi-annually on April 1 and October 1. The interest rate is fixed at 5.13 percent. Certain of the bonds may be redeemed prior to their maturities in accordance with provisions of the bond indenture at par. The net proceeds from this issue were deposited in an irrevocable trust with an escrow agent to provide debt service payments on the refunded portions of Revenue Bonds Series 2001, 2002 and 2003 through April 1, 2014. The advance refunding met the requirements of an in-substance defeasance and the refunded bonds were removed from the Port's financial statements.

The reacquisition price exceeded the net carrying amount on the bonds refunded resulting in a loss on refunding of $844,578, which is being amortized over the life of the new issue using the effective interest method. This advance refunding was undertaken to reduce total debt service payments over 6 years by $9,166,309 and resulted in an economic loss of $1,257,288. At June 30, 2017, remaining principal on this defeased debt was $0.

On September 1, 2010 the Port issued $18,090,000 of Subordinate Lien Variable Rate Revenue Bonds, Series 2010. The purpose of the issue was to provide funds to refund the Board's Subordinate Lien Variable Rate Revenue Bonds, Series 2005, outstanding in the amount of $18,095,000. The interest rate on the Series 2010 bonds varies with the Securities Industry and Financial Markets Association (SIFMA) index. The rate as of June 30, 2015 was 0.06 percent. These bonds are supported with a credit enhancement letter of credit by First NBC and a support letter of credit with the Federal Home Loan Bank of Dallas, Irving, Texas. Affirmative and negative covenants are outlined on pages twenty-two through twenty-six of the Reimbursement agreement between the Port and First NBC. The bond issue is subordinate to the 2013A&B, 2012, 2011 and 2008 Series Revenue Bonds. The Board advanced refunded the bonds to reduce the total gross debt service payments through April 1, 2021 by $618,190 and to obtain an economic gain of $511,031.

6. NON-CURRENT LIABILITIES (continued)

Long-Term Debt (continued)

In August 2017, the letter of credit by First NBC has been replaced by a new letter of credit issued by JP Morgan Chase Bank due to a recent takeover by Federal Deposit Insurance Corporation (FDIC).

On May 3, 2011 the Port issued $15,585,000 of Board of Commissioners of the Port of New Orleans Port Facility Refunding Revenue Bonds, Series 2011. The purpose of the issue was to provide sufficient funds to refund all of the Port's outstanding Port Facility Revenue Bonds, Series 2001 in the outstanding amount of $15,290,000. The Series 2011 bonds were purchased by Regions Bank through the placement agent, Morgan Keegan & Company, Inc. The interest rate is fixed at 4.22 percent. Covenants with Regions bank are contained in the commitment letter dated March 13, 2011. The refunding was entered into for the reason of future interest savings. The Board advance refunded the bonds to reduce total gross debt service payments through June 30, 2021 by $759,904 and to obtain an economic gain of $648,821.

On June 27, 2012 the Port issued $15,495,000 of Board of Commissioners of the Port of New Orleans Port Facility Refunding Revenue Bonds, Series 2012. The purpose of the issue was to provide sufficient funds for a partial refund of the Port's outstanding Port Facility Revenue Bonds, Series 2002 in the outstanding amount of $14,980,000; the outstanding balance of the 2002 bonds was refunded on July 6, 2012. The Series 2012 bonds were purchased by Regions Bank through the placement agent, Morgan Keegan & Company, Inc. The interest rate is fixed at 3.53 percent. Covenants with Regions bank are contained in the commitment letter dated May 31, 2012. The refunding was entered into for the reason of future interest savings. The Board advance refunded the bonds to reduce total gross debt service payments through June 30, 2027 by $1,785,929 and to obtain an economic gain of $1,631,307.

On January 1, 2013 the Port issued $19,115,000 of Board of Commissioners of the Port of New Orleans Port Facility Refunding Revenue Bonds, Series 2013A. The purpose of the issue was to provide sufficient funds to refund $2,475,000 of the Port's Facility Revenue Bonds, Series 2002 and $15,845,000 of Port's Facility Revenue Bonds, Series 2003. The refunding left an outstanding amount of $11,190,000 in the Series 2002 and $15,270,000 in Series 2003. The Series 2013A bonds were purchased by IBERIABANK through the placement agent, Raymond James & Associates. The interest rate is fixed at 3.25%. Covenants with IBERIABANK are contained in the commitment letter dated December 10, 2012. The refunding was entered into for the reason of future interest savings. The Board advance refunded the bonds to reduce total gross debt service payments through June 30, 2028 by $2,975,244 and to obtain an economic gain of $2,317,088.

On February 21, 2013 the Port issued $24,895,000 of Board of Commissioners of the Port of New Orleans Port Facility Refunding Revenue Bonds, Series 2013B. The purpose of the issue was to provide sufficient funds to refund of the remaining Port's Facility Revenue Bonds, Series 2002 and Series 2003. The refunding was accomplished through a public offering. The interest rate is at an average of 4.25% with a maturity of April 1, 2033. The refunding was entered into for the reason of future interest savings. The Board advance refunded the bonds to reduce total gross debt service payments through June 30, 2033 by $3,597,309 and to obtain an economic gain of $2,117,638.

6. NON-CURRENT LIABILITIES (continued)

Long-Term Debt (continued)

Operating revenues, net of operating expenses, are pledged as security for all revenue bond issues.

Debt service requirements relating to bonds outstanding are as follows:

Years Ending June 30	Principal	Interest	Total
2018	$ 3,450,000	$ 3,443,448	$ 6,893,448
2019	3,585,000	3,321,497	6,906,497
2020	3,720,000	3,194,488	6,914,488
2021	3,875,000	3,062,623	6,937,623
2022	4,090,000	2,925,378	7,015,378
2023 – 2027	22,700,000	12,667,274	35,367,274
2028 – 2032	27,040,000	8,563,839	35,603,839
2033 – 2037	24,165,000	3,027,170	27,192,170
2038	3,005,000	154,006	3,159,006
	$ 95,630,000	$ 40,359,723	$ 135,989,723

Debt Service Assistance Program Loan Payable

In July 2006, the Port and the State of Louisiana (the State) entered into a Cooperative Endeavor Agreement whereby the State agreed to lend up to $14,365,679 from State funds on deposit in the Debt Service Assistance Fund, authorized by the Gulf Opportunity Zone Act of 2005 and Act 41 of the First Extraordinary Session of the Louisiana Legislature of 2006, to assist in payment of debt service requirements from 2006 through 2008 due to disruption of revenue streams caused by Hurricanes Katrina and Rita. Loan payments in the amount of $14,365,679 were made on behalf of the Port by the State as debt service became due. No principal or interest was payable during the initial five year period of the loan. After the expiration of the initial five year period, the loan bears interest at a fixed rate of 4.64 percent. Principal payments on the bonds begin in July 2012 and the loan will mature in July 2026. Interest is payable semi-annually on January 15 and July 15 which began in January 2012.

Debt service requirements relating to the bonds and debt service assistance loan payable are as follows:

Years Ending June 30	Principal	Interest	Total
2018	$ 858,048	$ 472,551	$ 1,330,599
2019	897,418	431,812	1,329,230
2020	939,569	389,182	1,328,751
2021	983,165	344,575	1,327,740
2022	1,028,783	297,898	1,326,681
2023 – 2027	5,905,820	709,911	6,615,731
	$ 10,612,803	$ 2,645,929	$ 13,258,732

6. NON-CURRENT LIABILITIES (continued)

Capital Lease

Capital lease obligations consist of the following at June 30, 2017 and 2016:

	2017	2016
Capital leases payable	$ 73,468	$ 82,379
Less current portion	(62,875)	(33,677)
Long-term portion	$ 10,593	$ 48,702

Lease payments relating to capital leases outstanding are as follows:

Years Ending June 30	Principal	Interest	Total
2018	$ 62,875	1,141	64,016
2019	7,815	422	8,237
2020	2,778	10	2,788
	$ 73,468	$ 1,573	$ 75,041

On November 17, 2000, the Port entered into a capital lease agreement to purchase two new container cranes. The cranes were placed in service during the year ended June 30, 2004. At June 30, 2017 and 2016, the gross capitalized cost including capitalized interest was $11,857,545 with accumulated amortization of $3,814,724 and $3,476,772, respectively. Interest expense on the capital lease is 5.75%. There are thirty equal semi-annual payments of $628,454 for principal and interest with the first payment due July 1, 2001. The remaining proceeds of the capital lease were applied to the outstanding principal balance of the capital lease during October 2004. This reduced the remaining semi-annual payments to $464,075 for principal and interest with the first payment due January 1, 2005. The final lease payment was made during the year ended June 30, 2016.

During the year ended June 30, 2012, the Port entered into capital lease agreements for CSI and IBM computers at an aggregate cost of $1,208,804 at interest rates ranging from 3.00 – 4.11%. The monthly lease payments for the IBM computers are $8,215 for a thirty six month period ending August 1, 2014. The monthly lease payments for the CSI computers are $7,934 for a sixty month period ending April 28, 2017.

During the year ended June 30, 2016, the Port entered into five capital lease agreements for Allfax copiers at an aggregate cost of $51,010 at interest rates ranging from 0.52 – 3.95%. The monthly lease payments range from $235 - $314 for 36 month period ending through September 1, 2019.

6. NON-CURRENT LIABILITIES (continued)

Changes in Non-Current Liabilities

Non-current liabilities activity for the years ended June 30, 2017 and 2016 are as follows:

	July 1, 2016	Additions	Reductions	June 30, 2017	Due within one year
Bonds payable:					
Revenue bonds	$ 98,855,000	$ -	$ (3,224,999)	$ 95,630,001	$ 3,450,000
Bond premium and discounts	1,806,757	-	(112,320)	1,694,437	-
Total bonds payable	100,661,757	-	(3,337,319)	97,324,438	3,450,000
Debt service assistance program	11,432,802	-	(819,999)	10,612,803	858,048
Capital leases payable	82,379	-	(8,911)	73,468	62,875
LASERS pension liability	45,573,446	12,510,936	-	58,084,382	-
HPD pension liability	4,027,600	-	(581,357)	3,446,243	-
Net post-employment benefit obligation	2,028,207	357,844	-	2,386,051	-
Compensated absences	1,793,127	174,104	(378,093)	1,589,138	105,000
	$ 165,599,318	$ 13,042,884	$ (5,125,679)	$ 173,158,678	$ 4,475,923

	July 1, 2015	Additions	Reductions	June 30, 2016	Due within one year
Bonds payable:					
Revenue bonds	$ 101,615,000	$ -	$ (2,760,000)	$ 98,855,000	$ 3,225,000
Bond premium and discounts	1,919,076	-	(112,319)	1,806,757	-
Total bonds payable	103,534,076	-	(2,872,319)	100,661,757	3,225,000
Debt service assistance program	12,216,441	-	(783,639)	11,432,802	820,041
Capital leases payable	611,743	33,754	(563,118)	82,379	33,677
LASERS pension liability	42,586,317	2,987,129	-	45,573,446	-
HPD pension liability	9,889,529	-	(5,861,929)	4,027,600	-
Net post-employment benefit obligation	2,109,088	-	(80,881)	2,028,207	-
Compensated absences	1,747,437	202,019	(56,329)	1,893,127	105,000
	$ 172,694,631	$ 3,222,902	$ (10,218,215)	$ 165,599,318	$ 4,183,718

7. RISK MANAGEMENT, CONTINGENCIES AND COMMITMENTS

The Port is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Port carries commercial liability and property insurance. The Port is self-insured for workers' compensation and general maritime claims ("Jones Act"). The Port continues to be liable for each Jones Act claim up to $1,000,000, with judgments and settlements over the $1,000,000 limit being covered by the Port's umbrella liability policy up to $50,000,000 for each occurrence. For the years ended June 30, 2017 and 2016, the Port's expenses for workers' compensation and other liability claims were $761,813 and $2,707,254, respectively. There were no expenses related to police professional liability incurred during 2017 and 2016. For each of the past three years, there were no settlements that exceeded the Port's insurance coverage.

As of June 30, 2017, the Port has determined, through an analysis of historical experience, the adequacy of the liability recorded to cover all losses and claims, both incurred and reported and incurred but not reported, under its self-insurance programs. These amounts are not discounted.

A summary of activity in the liability for claims, which are included in other liabilities, is as follows:

	2017	2016	2015
Balance, beginning of year	$ 3,705,000	$ 1,781,420	$ 1,219,450
Provision for claims	96,327	2,223,580	661,970
Benefit payments, net of recoveries	(40,000)	(300,000)	(100,000)
Balance, end of year	$ 3,761,327	$ 3,705,000	$ 1,781,420

The Port is a party to various legal proceedings incidental to its business. There are several lawsuits pending in which the Board is named as a defendant by longshoremen claiming asbestos-related injuries because the Board at one time had asbestos materials cross its wharves. Certain other claims, suits and complaints arising in the ordinary course of business have been filed or are pending against the Port. The resolution of these matters is not expected to have a material adverse effect on the financial statements of the Port.

The Port is also a party to various legal proceedings related to Hurricane Katrina. Six cases remain based on alleged Board liability arising from the flooding that occurred after Katrina. Five have been inactive for several years and are in effect all but abandoned. The Board has been dismissed from one other case that is proceeding without it, but the plaintiff's right to appeal the dismissal will remain until the entire case is litigated. Outside counsel appointed by the Board's general liability underwriters continue to monitor all cases. No amounts have been provided relating to these legal proceedings.

The Port receives financial assistance directly from Federal agencies which are subject to audit and final acceptance by these agencies. In the opinion of management, amounts that might be subject to disallowance upon final audit, if any, would not have a material effect on the Port's financial position.

7. RISK MANAGEMENT, CONTINGENCIES AND COMMITMENTS (continued)

On June 9, 2017, the Board of Commissioners of the Port approved a resolution to begin negotiations for a Cooperative Endeavor Agreement with the City of New Orleans to transfer control of the New Orleans Public Belt Railroad Commission and all of its assets and property from the City of New Orleans to the Port in exchange for the Port's Governor Nicholls Street and Esplanade Avenue Wharves. The parties are expected to complete all legislative, ordinance, and Surface Transportation Board approvals during the fiscal year ended June 30, 2018.

8. REVENUES AND LEASES

Revenues of the Port are reported net of estimated uncollectible amounts. Total estimated uncollectible amounts related to accounts receivable were $278,373 and $278,369 at June 30, 2017 and 2016, respectively.

The Port leases to others substantially all of its land, property and equipment under various operating lease agreements. For the year ended June 30, 2017, three lessees accounted for 21%, 17% and 12% of operating revenues, respectively. For the year ended June 30, 2016, three lessees accounted for 24%, 17%, and 11% of operating revenues, respectively. Operating lease rental income was $28,050,924 and $28,302,895 during the years ended June 30, 2017 and 2016, respectively.

As of June 30, 2017, future minimum rental payments to be received under operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

2018	$	24,554,878
2019		22,074,134
2020		14,099,079
2021		12,124,476
2022		12,024,669
Thereafter		59,248,906
Total future minimum lease payments	$	144,126,142

9. LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

The Port is a participating employer in a cost-sharing defined benefit pension plan. The plan is administered by the Louisiana State Employees' Retirement System (LASERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. The system is administered by a board of trustees, and the system is a component unit of the State of Louisiana.

9. LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM (continued)

LASERS issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing, calling or downloading the reports as follows:

LASERS
8401 United Plaza Blvd.
P.O. Box 44213
Baton Rouge, Louisiana 70804-4213
(225) 925-0185
www.lasersonline.org

Plan Descriptions

The Louisiana State Employees' Retirement System (LASERS) is the administrator of a cost-sharing multiple employer defined benefit pension plan to provide retirement, disability, and survivor's benefits to eligible state employees and their beneficiaries as defined in LRS 11:411-414. The age and years of creditable service required in order for a member to receive retirement benefits are established by LRS 11:441 and vary depending on the member's hire date, employer and job classification. The substantial majority of members may retire with full benefits at any age upon completing 30 years of creditable service and at age 60 upon completing 10 years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The computation of retirement benefits are provided for in LRS 11:444. The basic annual retirement benefit for members is equal to a percentage (between 2.5% and 3.5%) of average compensation multiplied by the number of years of creditable service.

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.

9. LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM (continued)

Plan Descriptions (continued)

Eligibility requirements and benefit computations for disability benefits are provided for in LRS 11:461. All members with ten or more years of creditable service or members aged 60 or older regardless of date of hire who become disabled may receive a maximum disability benefit equivalent to the regular retirement formula without reduction by reason of age. Hazardous duty personnel who become disabled in the line of duty will receive a disability benefit equal to 75% of final average compensation.

Provisions for survivor's benefits are provided for in LRS 11:471-478. Under these statutes, 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 minimum service 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.

Funding Policy

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2016, for the Port and covered employees were as follows:

	Port	Employees
State Employees' Retirement System	37.40%	7.50% - 8.00%

The contributions made to LASERS for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

	2017	2016	2015
State Employees' Retirement System	$ 5,645,469	$ 6,132,717	$ 5,217,874

9. LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM (continued)

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

The following schedule lists the Port's proportionate share of the Net Pension Liability allocated by each of the pension plans based on the June 30, 2016 measurement date. The Port uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2017 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2016 along with the change compared to the June 30, 2015 rate. The Port's proportion of the Net Pension Liability was based on a projection of the Port's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30, 2016	Rate at June 30, 2016	Decrease to June 30, 2015 Rate
State Employees' Retirement System	$ 58,084,383	0.739690%	(0.069639%)

The following schedule lists the pension plan's recognized pension expense plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions by the Port for the year ended June 30, 2016:

	Pension Expense	Amortization	Total
State Employees' Retirement System	$ 5,970,134	$ 1,328,314	$ 7,298,448

At June 30, 2016, the Port 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	$ -	$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	10,468,623	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	642,845	801,479
Employer contributions subsequent to the measurement date	5,645,469	-
Total	$ 16,756,937	$ 801,479

9. LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM (continued)

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

The Port reported a total of $5,645,469 as deferred outflow of resources related to pension contributions made to the LASERS subsequent to the measurement period of June 30, 2017 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	LASERS
2017	$ 1,738,888
2018	1,884,704
2019	55,219
2020	33,894
	$ 3,712,705

The "Net Pension Liability" (NPL) is the difference between the "Total Pension Liability" (TPL) and the plan's "Fiduciary Net Position" (FNP). The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The FNP is determined on the same basis used by the pension plans. The Port's net pension liability was measured as of June 30, 2016 and 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Net Pension Liability		
Measurement Date	June 30, 2016	June 30, 2015
Total Pension Liability	$ 137,406,787	$ 122,060,733
Fiduciary Net Position	(79,322,405)	(76,487,286)
Net Pension Liability	$ 58,084,382	$ 45,573,447

9. LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM (continued)

Actuarial Assumptions

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

	LASERS
Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Live	2 years
Investment Rate of Return	7.75% per annum
Inflation Rate	3.0% per annum
Mortality	**Non-disabled members** - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. **Disabled members** – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.
Salary Increases	Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

Member Type	Lower Range	Upper Range
Regular	4.00%	13.00%
Judges	3.00%	5.50%
Corrections	3.60%	14.50%
Hazardous Duty	3.60%	14.50%
Wildlife	3.60%	14.50%

Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

9. LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM (continued)

Actuarial Assumptions (continued)

The following schedule list the methods used by each of the retirement systems in determining the long term rate of return on pension plan investments:

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

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2016:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	-	0.24%
Domestic equity	25.0%	4.31%
International equity	32.0%	5.48%
Domestic fixed income	8.0%	1.63%
International fixed income	6.0%	2.47%
Alternatives	22.0%	7.42%
Global asset allocation	7.0%	2.92%
Total	100.0%	5.30%

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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 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. The discount rate used to measure the total pension liability for LASERS was 7.75% for the year ended June 30, 2016.

9. LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM (continued)

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

The following table presents the Port's proportionate share of the Net Pension Liability (NPL) using the discount rate of the Retirement System as well as what the Port's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by the Retirement Systems:

	1.0% Decrease	Current Discount Rate	1.0% Increase
LASERS			
Rates	6.75%	7.75%	8.75%
Port Share of NPL	$ 71,362,041	$ 58,084,382	$ 46,802,537

Payables to the Pension Plan

The Port recorded accrued liabilities to LASERS for the year ended June 30, 2017 mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts, salaries and other payables. The balance due to the retirement systems at June 30 is as follows:

	2017	2016
LASERS	$ 466,546	$ 639,933

10. HARBOR POLICE EMPLOYEES' RETIREMENT SYSTEM

Effective July 1, 2015, the Harbor Police Employees' Retirement System (HPERS) was completely dissolved and merged into LASERS, and all assets of HPERS were transferred to LASERS during July 2015. All current employees of the Harbor Police Department of the Port are enrolled in LASERS, and the retirement benefits for existing retirees are administered by LASERS for the year ended June 30, 2017. The remaining balance payable to LASERS at June 30, 2017 and 2016 related to HPERS was $3,446,243 and $4,027,600, respectively.

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

At June 30, 2017, the remaining Deferred Outflows of Resources and Deferred Inflows of Resources related to HPERS are as follow:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 416,551	$ -
Total	$ 416,551	$ -

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in pension expense as follows:

	HPERS
2018	$ 208,276
2019	208,275
	$ 416,551

11. OTHER POST-EMPLOYMENT BENEFITS

Plan Description – The Port of New Orleans' medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

The employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; or, age 60 and 10 years of service. For employees hired on or after July 2, 2006, the retirement eligibility is age 60 and 10 years of service.

There is a closed group of 31 retirees for whom the employer currently pays approximately 80% of the premium; there will not be any additions to this group in the future. We have calculated the Annual required contribution (ARC) for this group. You will note that the ARC is less than the current annual premiums which are being paid by the employer, thus generating a negative net ARC after crediting the employer paid retiree premiums. 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.

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 2008, the Port of New Orleans recognized the cost of providing post-employment medical and life insurance benefits (the Port of New Orleans' 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 2017 and 2016, the Port of New Orleans' portion of health care and life insurance funding cost for retired employees totaled $886,645 and $1,060,257, respectively.

Effective July 1, 2008, the Port of New Orleans implemented Government Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions* (GASB Codification Section P50). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution – The Port of New Orleans' Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. 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 Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2017	2016
Normal Cost	$ 232,267	$ 267,326
30-year UAL amortization amount	719,166	789,694
Annual required contribution (ARC)	$ 951,433	$ 1,057,020

11. OTHER POST-EMPLOYMENT BENEFITS (continued)

Net Post-employment Benefit Obligation (Asset) - The table below shows Port of New Orleans' Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending June 30:

	2017	2016
Beginning Net OPEB Obligation	$ 2,363,403	$ 2,409,604
Annual required contribution	951,433	1,057,020
Interest on Net OPEB Obligation	94,536	96,384
ARC Adjustment	(136,676)	(139,348)
OPEB Cost	909,293	1,014,056
Contribution	-	-
Current year retiree premium	(886,645)	(1,060,257)
Change in Net OPEB Obligation	22,648	(46,201)
Ending Net OPEB Obligation	$ 2,386,051	$ 2,363,403

The following table shows the Port of New Orleans' annual post-employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post-employment benefits (PEB) liability as June 30, 2017 and 2016:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Liability
2017	$ 909,293	97.51%	$ 2,386,051
2016	$ 1,014,056	104.56%	$ 2,363,403

Funded Status and Funding Progress - In the fiscal years ending June 30, 2017 and 2016, the Port of New Orleans made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on July 1, 2016 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2017 was $12,933,438, which is defined as that portion, as determined by a particular actuarial cost method (the Port of New Orleans uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

	2017	2016
Actuarial Accrued Liability (AAL)	$ 12,933,438	$ 14,201,642
Actuarial Value of Plan Assets	-	-
Unfunded Act. Accrued Liability (UAAL)	$ 12,933,438	$ 14,201,642
Funded Ratio (Act. Val. Assets/AAL)	0%	0%
Covered Payroll (active plan members)	$ 16,443,640	$ 19,106,084
UAAL as a percentage of covered payroll	78.65%	74.33%

11. OTHER POST-EMPLOYMENT BENEFITS (continued)

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 Port of New Orleans and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Port of New Orleans 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 Port of New Orleans 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 - Since the OPEB obligation has not as yet been funded, there are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed fair value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50.

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 10.0%.

Post-employment Benefit Plan Eligibility Requirements – It has been assumed that entitlement to benefits will commence upon actual retirement which, in turn, has been assumed to be four years after the initial retirement (D.R.O.P. entry) eligibility described in the section above entitled "Plan Description". This four years comprises three years in the D.R.O.P. plus one additional year. Medical benefits are provided to employees upon actual retirement.

11. OTHER POST-EMPLOYMENT BENEFITS (continued)

Investment Return Assumption (Discount Rate) – GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate – The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5% for ten years out 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 rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

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 employer pays 60% of the "base premium" (that is, not including the "buy up" additional portion) of the medical benefits for the retirees and dependents prior to Medicare eligibility at age 65. The medical rates provided applicable before Medicare eligibility at age 65 are "blended" rates for active and retired. Since GASB 45 mandates that "unblended" rates be used, we have estimated the "unblended" medical rates for retired before Medicare eligibility to be 130% of the blended rate. After Medicare eligibility, the employer pays 60% of the applicable premium for either the Hartford Senior Care Plan or the Humana HMO Medicare Advantage Plan. As of this valuation date, approximately 40% of the retirees over age 65 are in the Medicare Advantage Plan. It has been assumed that the same percentage will prevail in the future and that 40% of currently active employees and those currently retired who are before age 65 will elect the Medicare Advantage Plan. The Port of New Orleans has adopted a provision limiting the employer portion of the premium paid to 200% of the prevailing employer portion of the premium paid under the 2008 premium scale.

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.

11. OTHER POST-EMPLOYMENT BENEFITS (continued)

Below is a summary of OPEB cost and contributions for the last three fiscal years:

	OPEB Costs and Contributions		
	2014	2015	2016
OPEB Cost	$ 973,251	$ 1,014,056	$ 909,293
Contribution	-	-	-
Retiree premium	981,721	1,060,257	886,645
Total contribution and premium	981,721	1,060,257	886,645
Change in net OPEB obligation	$ (8,470)	$ (46,201)	$ 22,648
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	100.87%	104.56%	97.51%

12. CONDUIT DEBT

From time to time, the Port has issued Industrial Revenue Bonds to provide assistance for private-sector entities for Port related projects that are deemed to be in the public interest. The Port is not obligated for repayment of the bonds. Accordingly, the bonds are not reported in the accompanying financial statements.

Port facility revenue bonds in the amount of $3,700,000 were issued on June 8, 2000 for the account of New Orleans Steamboat Company for the purpose of constructing a facility within the jurisdiction of the Port as part of the public port. At June 30, 2017, $1,600,000 is outstanding. The bonds are limited obligations of the Port, secured by a letter of credit issued by First Bank and Trust in New Orleans and a confirming letter of credit of the Federal Home Loan Bank in New Orleans for the account of New Orleans Steamboat Company.

Port facility revenue bonds in the amount of $7,500,000 were issued on November 1, 2002 for the account of New Orleans Cold Storage and Warehouse Company Limited (NOCS) for the purpose of constructing a cold storage facility. On June 7, 2012, NOCS restructured and reissued the bonds in a private placement with JPMorgan Chase Bank, N.A. Previous to this date, the bonds were secured by a letter of credit issued by the Whitney National Bank in New Orleans for the account of NOCS. This security was cancelled with the reissuance. At June 30, 2017, $6,041,667 remains outstanding. The bonds are limited obligations of the Port.

13. NATURAL DISASTER

On August 29, 2005, the New Orleans region suffered significant damage to property and lives when Hurricane Katrina struck the Gulf Coast area. The Port of New Orleans did not suffer the devastation that other public entities realized in the area, but did sustain damage to facilities and loss of revenue. The Port facilities along the river suffered moderate damage. Facilities along the Industrial Canal suffered severe damage. The Port had insurance in place to cover most of the property damage and business interruption insurance to offset some of the revenue loss. For losses above the insurance receipts the Port is pursuing reimbursement through FEMA.

On August 28, 2012, Hurricane Isaac made landfall on the Louisiana and Mississippi coast causing severe flooding and wind damage to coastal areas. The Port of New Orleans suffered minor damages from Isaac. Emergency preparation and repairs were approximately $814,000 of which FEMA reimbursed $338,000. Other damage to port property was approximately $2.0 million. The Port is pursuing additional claims with FEMA. As of the financial statement date it is unknown whether these claims will be successful.

14. RELATED PARTY TRANSACTIONS

At June 30, 2017, the Kearney Companies, Inc., a related entity to a commissioner, had a total of 6 lease agreements with the Port for leasing warehouse space. The agreements expire at various dates through February 2019. During the year ended June 30, 2017 and 2016, the Port received lease payments totaling approximately $851,000 and $850,000, respectively, related to these lease agreements. At June 30, 2017 and 2016, the Kearney Companies, Inc. had an outstanding receivables of $51,688 and $-0-, respectively.

15. CHANGE IN ACCOUNTING PRINCIPLES

The GASB issued Statement 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans in June 2015. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2016. Due to this statement only affects the postemployment benefit plans with reporting periods beginning after June 15, 2016, the Port will implement GASB 74 on the financial statements for the year ended June 30, 2018.

15. CHANGE IN ACCOUNTING PRINCIPLES (continued)

The GASB issued Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions in June 2015. This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2017. The Port will implement GASB 75 on the financial statements for the year ended June 30, 2018.

The GASB issued Statement 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68 and No. 73* in March 2016. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The majority of the requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The Port will implement GASB 82 on the financial statements for the year ended June 30, 2018.

16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 18, 2017, and determined no events after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS
NEW ORLEANS, LOUISIANA

REQUIRED SUPPLEMENTARY INFORMATION

POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

SCHEDULE OF FUNDING PROGRESS

RETIREE HEALTH AND LIFE INSURANCE BENEFITS (*)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/2017	-	12,933,438	12,933,438	0.00%	16,443,640	78.7%
06/30/2016	-	14,201,642	14,201,642	0.00%	19,106,084	74.3%
06/30/2015	-	13,655,425	13,655,425	0.00%	15,614,451	87.5%
06/30/2014	-	15,469,191	15,469,191	0.00%	15,055,215	102.7%
06/30/2013	-	14,874,222	14,874,222	0.00%	14,240,698	104.4%
06/30/2012	-	16,684,601	16,684,601	0.00%	13,627,640	122.4%
06/30/2011	-	16,042,886	16,042,886	0.00%	13,100,142	122.5%

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

BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS
NEW ORLEANS, LOUISIANA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS*

	6/30/2017	6/30/2016	6/30/2015
Employer's proportion of the net pension liability	0.7397%	0.6701%	0.6811%
Employer's proportionate share of the net pension liability	$ 58,084,383	$ 45,573,447	$ 42,586,318
Employer's covered-employee payroll	$ 15,263,994	$ 12,745,929	$ 12,168,178
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	380.5320%	357.5530%	349.9811%
Plan fiduciary net position as a percentage of the total pension liability	57.7000%	65.0000%	65.0000%

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

BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS
NEW ORLEANS, LOUISIANA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS
LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS*

	6/30/2017	6/30/2016	6/30/2015
Contractually required contribution	$ 5,645,469	$ 6,132,717	$ 5,217,874
Contributions in relation to the contractually required contribution	(5,645,469)	(6,132,717)	(5,217,874)
Contribution deficiency (excess)	$ -	$ -	$ -
Employers' covered employee payroll	$ 15,263,994	$ 12,745,929	$ 12,168,178
Contributions as a percentage of of covered-employee payroll	36.99%	48.12%	42.88%

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

OTHER SUPPLEMENTARY INFORMATION

BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS
NEW ORLEANS, LOUISIANA

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO THE AGENCY HEAD

Agency Head Name: Gary LaGrange, CEO (July 1, 2016 - April 2, 2017)

Purpose		Amount
Salary	$	259,502
Annual leave at resignation		355,310
Benefits - insurance		6,956
Benefits - retirement		97,693
Benefits - Board match - deferred compensation		1,938
Car allowance		9,908
Reimbursements		2,497
Travel		28,689
Registration fees		-
Conference travel		1,886
Special meals		838

Agency Head Name: Brandy Christian, CEO (April 3, 2017 - June 30, 2017)

Purpose		Amount
Salary	$	141,635
Benefits - insurance		13,766
Benefits - retirement		52,853
Benefits - Board match - deferred compensation		1,200
Car allowance		6,000
Reimbursements		267
Travel		21,252
Registration fees		1,650
Conference travel		3,182
Special meals		138

BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS
NEW ORLEANS, LOUISIANA

REVENUE BONDS DEBT SERVICE COVERAGE
YEARS ENDED JUNE 30, 2017 AND 2016

Fiscal Year	Operating Revenue	Direct Operating Expenses	Net Revenue Available for Debt Services	Debt Service Requirement			Subordinated Coverage
				Principal	Interest	Total	
2016	61,764,587	44,080,053	17,684,534	2,760,000	3,732,836	6,492,836	2.72
2017	66,254,278	43,572,030	22,682,248	3,225,000	4,126,101	7,351,101	3.09

Fiscal Year	Operating Revenue	Direct Operating Expenses	Net Revenue Available for Debt Services	Debt Service Requirement			Senior Coverage
				Principal	Interest	Total	
2016	61,764,587	44,080,053	17,684,534	2,395,000	3,716,761	6,111,761	2.89
2017	66,254,278	43,572,030	22,682,248	2,855,000	4,011,139	6,866,139	3.30

BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS

SINGLE AUDIT REPORTS

JUNE 30, 2017

P&N

Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS

SINGLE AUDIT REPORTS

JUNE 30, 2017

BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS
NEW ORLEANS, LOUISIANA

Single Audit Reports

June 30, 2017

TABLE OF CONTENTS

P&N
Postlethwaite & Netterville
30th Floor, Energy Centre, 1100 Poydras Street - New Orleans, LA 70163-3000
One Galleria Boulevard, Suite 2100 - Metairie, LA 70001
800-201-7332 Phone - 504-837-5990 Phone - 504-834-3609 Fax - pncpa.com
A Professional Accounting Corporation

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*

The Board of Commissioners of the
Port of New Orleans:

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 Board of Commissioners of the Port of New Orleans (the Port), as of and for the year June 30, 2017, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements, and have issued our report thereon dated October 18, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port'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 Port's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Postlethwaite & Netterville

Compliance and Other Matters

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

Purpose of this Report

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

Postlethwaite & Netterville

Metairie, Louisiana
October 18, 2017

P&N
Postlethwaite & Netterville
30th Floor, Energy Centre, 1100 Poydras Street - New Orleans, LA 70163-3000
One Galleria Boulevard, Suite 2100 - Metairie, LA 70001
800-201-7332 Phone - 504-837-5990 Phone - 504-834-3609 Fax - pncpa.com
A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Board of Commissioners of the
Port of New Orleans:

Report on Compliance for Each Major Federal Program

We have audited the Board of Commissioners of the Port of New Orleans' (the Port) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Port's major federal programs for the year ended June 30, 2017. The Port's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Port's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Port's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Port's compliance.

Postlethwaite & Netterville

Opinion on Each Major Federal Program

In our opinion, the Port, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the Port is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Port's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

P&N
Postlethwaite & Netterville

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Port as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements. We issued our report thereon dated October 18, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Postlethwaite & Netterville

Metairie, Louisiana
October 18, 2017

BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS
NEW ORLEANS, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Program Title	CFDA No.	Federal Expenditures
United States Department of Homeland Security		
Passed through the State of Louisiana Office of Homeland Security and Emergency Preparedness		
Disaster Grants - Public Assistance	97.036	$ 986,994
Passed through the Office of State and Local Government Coordination and Preparedness		
Port Security Grant Program		
2013 Port Security Grant	97.056	622,961
Total United States Department of Homeland Security		1,609,955
United States Department of Transportation		
Direct:		
TIGER Discretionary Grant	20.933	341,166
Passed through the Louisiana Department of Transportation and Development		
Highway Planning and Construction Cluster		
FHWA Emergency Relief Program	20.205	290,383
Total United States Department of Transportation		631,549
United States Department of Defense		
Passed through the Louisiana Department of Defense	12.XXX	475,000
WARRDA Grant for Dredging		
		475,000
Total Federal Awards Expended		$ 2,716,504

BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS
NEW ORLEANS, LOUISIANA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Board of Commissioners of the Port of New Orleans (the "Port") under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Port, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Port.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) De Minimus Cost Rate

During the year ended June 30, 2017, the Port did not elect to use the 10% de minimus cost rate as covered in §200.414 of the Uniform Guidance.

(4) Relationship to Basic Financial Statements

Federal awards are included in the statement of net position and the statement of revenues, expenses and changes in net position as follows:

Capital contributions	$ 2,716,504

BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS
NEW ORLEANS, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Summary of Independent Auditors' Results

(a) The type of report issued on the basic financial statements: **Unmodified Opinion**

(b) Significant deficiencies in internal control were disclosed by the audit of the basic financial statements: **None reported** ; Material weaknesses: **No**

(c) Noncompliance which is material to the basic financial statements: **No**

(d) Significant deficiencies in internal control over major program: **None reported**; Material weaknesses: **No**

(e) The type of report issued on compliance for major program: **Unmodified Opinion**

(f) Did the audit disclose any audit findings which the independent auditor is required to report in accordance with 2 CFR 200.516(a)? **No**

(g) Major program:

CFDA No. 20.205 – FHWA Emergency Relief Program
CFDA No. 97.036 – Disaster Grants - Public Assistance

(h) Dollar threshold used to distinguish between Type A and Type B programs: **$750,000**

(i) Auditee qualified as a low-risk auditee under the Uniform Guidance: Yes

(2) Findings relating to the basic financial statements reported in accordance with *Government Auditing Standards*

None noted.

(3) Findings and questioned costs related to federal awards

None noted.

P&N
Postlethwaite & Netterville

30th Floor, Energy Centre, 1100 Poydras Street - New Orleans, LA 70163-3000
One Galleria Boulevard, Suite 2100 - Metairie, LA 70001
800-201-7332 Phone - 504-837-5990 Phone - 504-834-3609 Fax - pncpa.com

A Professional Accounting Corporation

Independent Accountant's Report
On Applying Agreed-Upon Procedures
For the Year Ended June 30, 2017

To Board of Commissioners of the Port of New Orleans and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Port of New Orleans (Entity) (Port) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

   a) ***Budgeting****, including preparing, adopting, monitoring, and amending the budget.*

   No exceptions noted.

   b) ***Purchasing***, including (1) how purchases are initiated; (2) the preparation and approval process of purchase requisitions and purchase orders; (3) controls to ensure compliance with the public bid law or state purchasing rules and regulations; and (4) documentation required to be maintained for all bids and price quotes.

   No exceptions noted.

   c) ***Disbursements***, including processing, reviewing, and approving.

   No exceptions noted.

   d) ***Receipts***, including receiving, recording, and preparing deposits

   No exceptions noted.

e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

No exceptions noted.

f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) approval process, and (4) monitoring process

No exceptions noted.

g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

No exceptions noted.

h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (2) documentation requirements, (3) time-frame in which requests must be submitted and (4) required approvers

No exceptions noted.

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, and (3) system to monitor possible ethics violations.

No exceptions noted.

j) ***Debt Service***, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

No exceptions noted.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

No exceptions noted.

b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and other major funds. If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

No exceptions noted. A formal plan to eliminate deficits was not necessary since the Entity's net position is positive.

c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

No exceptions noted.

Bank Reconciliations

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

   No exceptions noted.

4. For each of the bank accounts in the listing provided by management, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

   a) Bank reconciliations have been prepared;

   No exceptions noted.

   b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation;

   No exceptions noted.

   c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

   No exceptions noted.

Collections

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

   No exceptions noted.

6. Using the listing provided by management, select all of the Entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. **For each cash collection location selected**:

a) Obtain existing documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is 1) bonded, 2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by a board member or an outside party) and 3) not required to share the same cash register or drawer.

No exceptions noted.

b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the Entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash location selected.

No exceptions noted.

c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

i. Using Entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day.

For the one week that was selected for testing, there was one collection that was not deposited within one day. This collection was deposited within two days.

ii. Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

No exceptions noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Entity has a process specifically defined (identified as such by the Entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, reasonableness of cash collections based on licenses issued) by a person who is not responsible for collections.

No exceptions noted.

P&N
Postlethwaite & Netterville

Disbursements – Other General

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

   No exceptions noted.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the Entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

   a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

      No exceptions noted.

   b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

      No exceptions noted.

   c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order (P.O.), or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

      No exceptions noted.

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

    No exceptions noted.

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

    No exceptions noted.

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

    No exceptions noted.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.
    No exceptions noted.

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

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

    No exceptions noted.

15. Using the listing prepared by management, randomly select five cards that were used during the fiscal period. Obtain the monthly statements, or combined statements with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

    a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

       No exceptions noted.

    b) Report whether finance charges and/or late fees were assessed on the selected statements.

       No exceptions noted.

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

    a) For each transaction, report whether the transaction is supported by:

       i. An original itemized receipt (i.e., identifies precisely what was purchased)

          For 1 of the 10 credit cards selected for testing, the original itemized receipt for a purchase totaling $67 could not be located for the month selected.

ii. Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

No exceptions noted

iii. Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No exceptions noted.

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions noted.

c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

Travel and Expense Reimbursement

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

No exceptions noted.

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

No exceptions noted.

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

a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Entity does not have written policies, compare to the PPM 49 rates (#18 above) and report each reimbursement that exceeded those rates.

No exceptions noted.

b) Report whether each expense is supported by:

i. An original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

ii. Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions noted.

iii. Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

No exceptions noted.

c) Compare the Entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

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

No exceptions noted.

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

a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

No exceptions noted.

b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

i. If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

No exceptions noted.

ii. If no, obtain supporting contract documentation and report whether the Entity solicited quotes as a best practice.

No exceptions noted.

c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No exceptions noted.

d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No exceptions noted.

e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law.

No exceptions noted.

Payroll and Personnel

22. Obtain a listing of employees with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees, obtain their personnel files, and:

a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions noted.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee, and:

a) Report whether all employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).

No exceptions noted.

b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees.

No exceptions noted.

c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Ethics

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

One out of the five employees selected for testing did not complete the annual required ethics training.

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

No exceptions noted.

Debt Service

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

Not applicable.

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

No exceptions noted.

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

Not applicable.

Other

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

P&N
Postlethwaite & Netterville

Management's Response and Corrective Action

Management's response and corrective action plan for exceptions noted in the above agreed-upon procedures:

a) Collections – Procedure 6.c.i: The Port's policy is to make deposits daily and will continue to make every effort to make deposits within one day of receipt.

b) Credit Cards/Debit Cards/Fuel Cards/P-Cards – Procedure 16.a.i: The Port's policy is to have an original detailed receipt for all credit card purchases and will continue to make reasonable efforts to ensure adherence to the policy. In this case, the employee lost the original receipt but did obtain a detailed duplicative receipt from the store to support the charge; the charge was appropriately documented for approved per policy.

c) Ethics – Procedure 26: The Port's Human Resources department will ensure all employees take their mandatory ethics training by December 31 of each year.

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

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

Postlethwaite & Netterville

Metairie, Louisiana
October 18, 2017