

## **Introductory Section**



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

**TABLE OF CONTENTS**

<b>INTRODUCTORY SECTION</b>		<b>Page</b>
Message from the Executive Director		1
Letter of Transmittal		2
GFOA Certificate of Achievement		8
Organizational Chart		9
List of Principal Officials		10
Port Creates Strong Economic Impact		11
 <b>FINANCIAL SECTION</b>		
Independent Auditor's Report on the Financial Statements	<b>Statement</b>	<b>Page</b>
General Purpose Financial Statements:		12
Proprietary Fund - Enterprise Fund:		
Balance Sheets	A	14
Statements of Revenues, Expenses, and Changes in Retained Earnings	B	16
Statements of Cash Flows	C	17
Notes to the Financial Statements		19
 Supplementary Information:		<b>Schedule</b>
Schedule of Property and Equipment	1	31
Schedule of Lease Information	2	33
Schedule of Future Lease Rentals Revenue	3	35
Schedule of Operating Expenses by Major Category	4	37
Schedule of Administrative Expenses	5	38
Summary Schedule of Operating Income (Loss) by Facility	6	39
Schedule of Commissioners' Per Diem	7	41
 Other Report Required by <i>Government Auditing Standards</i> :		
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the General Purpose Financial Statements		43
 <b>STATISTICAL SECTION (Unaudited)</b>		
Summary of Revenues, Expenses, and Net Income (Loss) - Last Ten Years		45
Five/Ten Year Cargo Tonnage by Facility		47
Shipping Activities - General and Bulk Cargo		49
Allocation of Cargoes Handled and Monthly Cargo Activity		50

**Comprehensive Annual Financial Report  
of the**

**Greater Baton Rouge Port Commission**

Post Office Box 380  
Port Allen, LA 70767

A Component Unit of the State of Louisiana

**For The Year Ended October 31, 1997**



Prepared by the Department of Finance and Administration

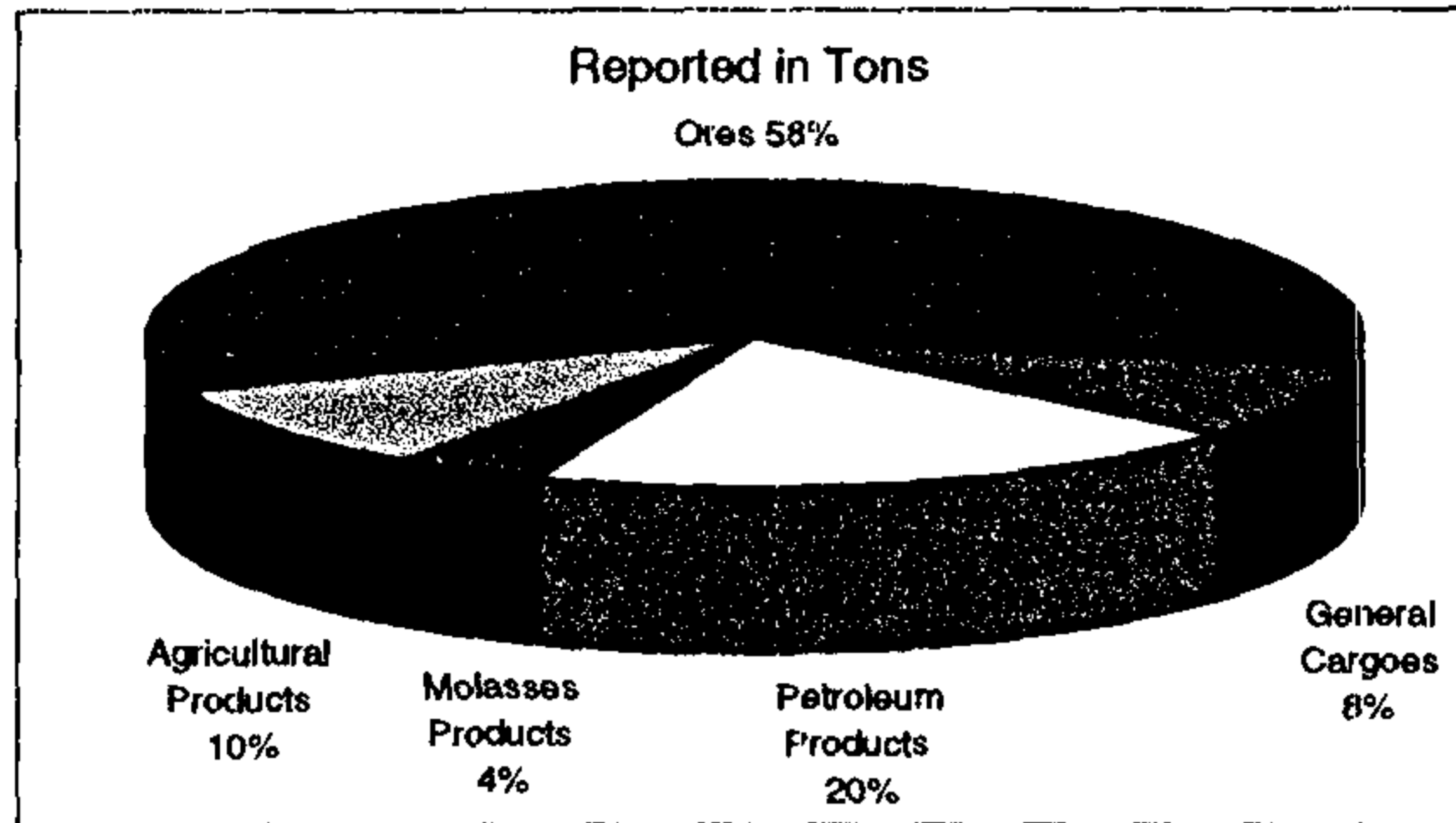
**Alfred Starns**  
Director of Administration/Finance



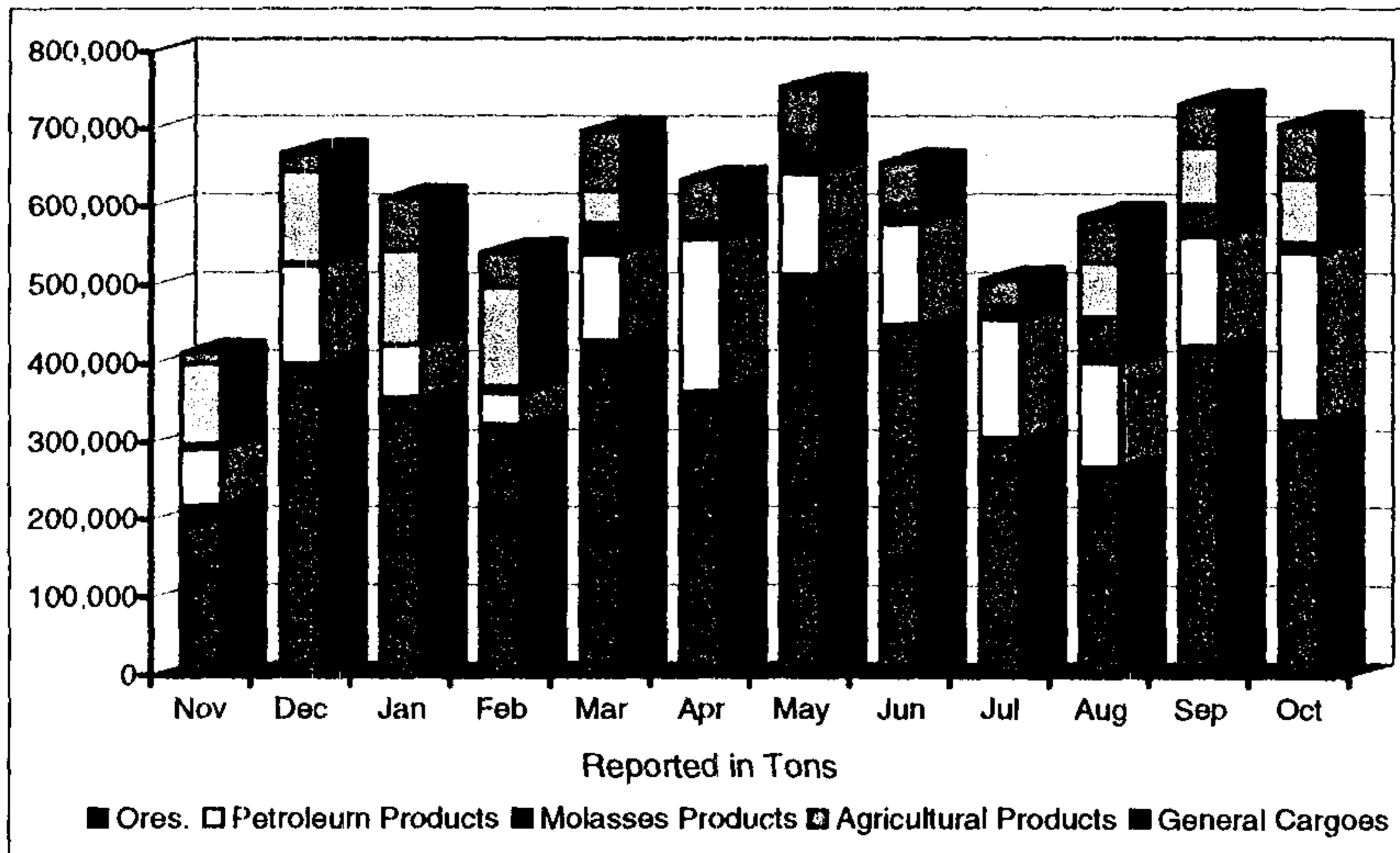
# Greater Baton Rouge Port Commission

For the Year Ended October 31, 1997

## Cargoes Handled (Unaudited)



## Monthly Cargo Activity (Unaudited)





# Greater Baton Rouge Port Commission

## Shipping Activities for the Year Ended October 31, 1997

(Unaudited)

### General Cargo

	(Tonnage)			
	Forest Products	Metal Products	Heavy Lifts	Misc. Products
November	11,836	0	200	2,297
December	23,696	0	0	0
January	67,350	0	0	0
February	43,263	302	0	0
March	75,902	0	0	0
April	55,813	0	0	0
May	61,592	0	0	83
June	52,254	1,811	0	0
July	33,328	0	0	0
August	53,393	4,441	0	0
September	55,484	4	75	0
October	68,819	0	510	0
	<u>602,730</u>	<u>6,558</u>	<u>785</u>	<u>2,380</u>

### Bulk Cargo

	(Tonnage)			
	Ores. Etc.	Petroleum Products	Molasses Products	Agricultural Products
November	219,290	71,507	7,233	101,641
December	400,325	124,712	2,978	117,641
January	357,939	65,064	1,453	118,840
February	323,188	39,056	8,362	127,081
March	429,886	108,854	39,899	42,435
April	365,256	192,685	21,129	0
May	514,459	127,609	49,004	0
June	450,470	126,820	26,241	0
July	306,624	149,407	17,932	0
August	268,788	132,630	59,573	69,195
September	423,599	137,644	42,082	72,954
October	329,484	212,074	13,622	81,256
	<u>4,389,308</u>	<u>1,488,062</u>	<u>289,508</u>	<u>731,043</u>

# Greater Baton Rouge Port Commission

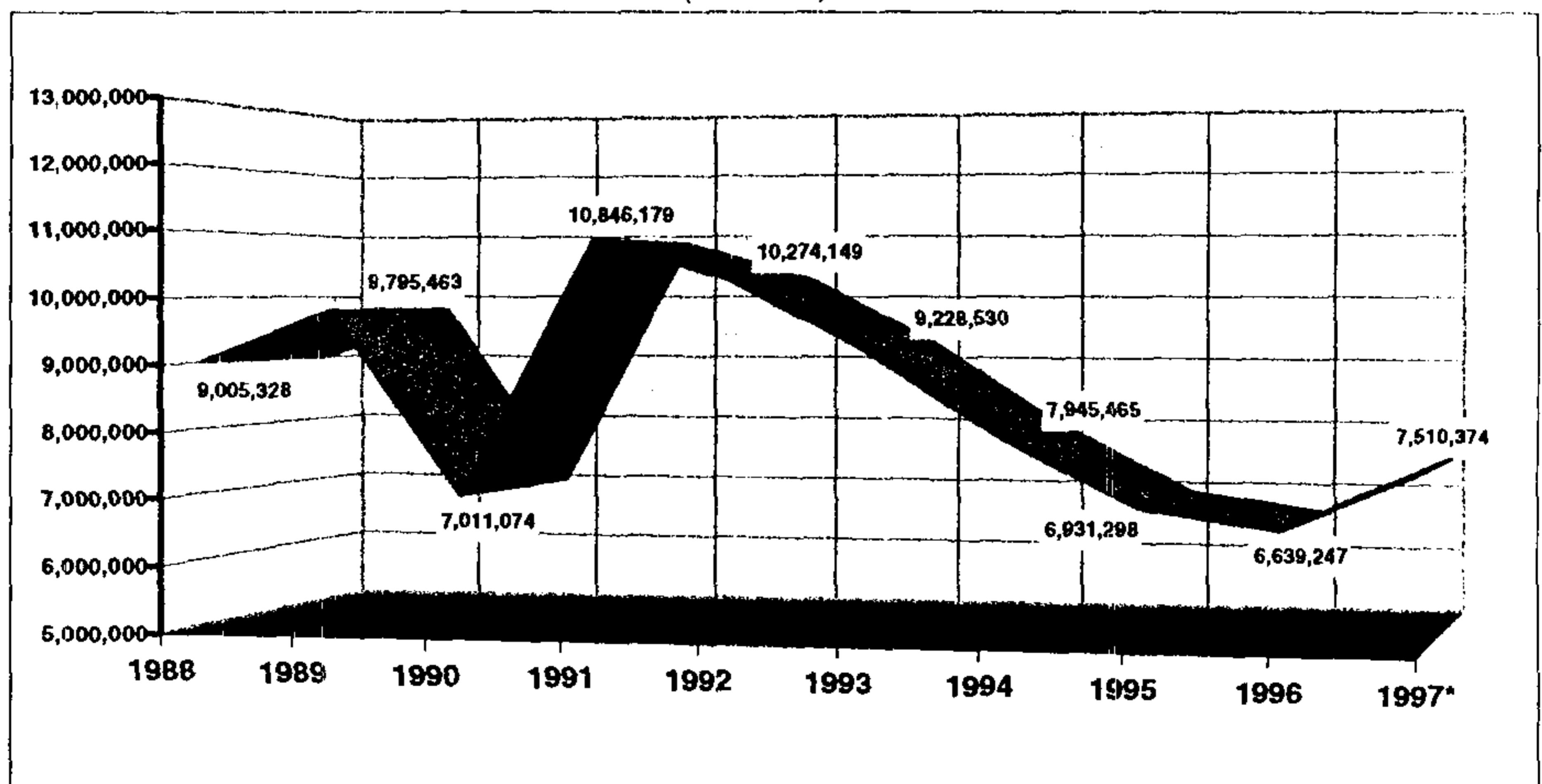
## Five Year Cargo Summary

	1993	(Unaudited) 1994	1995	1996	1997
Cargo Docks	653,687	569,680	662,007	596,629	600,861
Barge Terminal	80,241	124,102	196,735	51,628	908,882 *
Inland Rivers Marine	0	0	0	0	7,294
Midstream Buoys	1,136,403	263,926	0	0	86,437
Petroleum Terminal	1,324,230	891,925	499,481	456,911	583,478
Molasses Terminal	162,094	270,901	214,322	215,254	289,508
Grain Elevator	1,043,666	557,414	1,142,657	1,244,201	689,475
Burnside Terminal	4,828,209	5,267,517	4,216,096	4,074,624	4,344,439
	<u>9,228,530</u>	<u>7,945,465</u>	<u>6,931,298</u>	<u>6,639,247</u>	<u>7,510,374</u>

\* Includes tonnage of new leasee

## Ten Year Tonnage Comparison

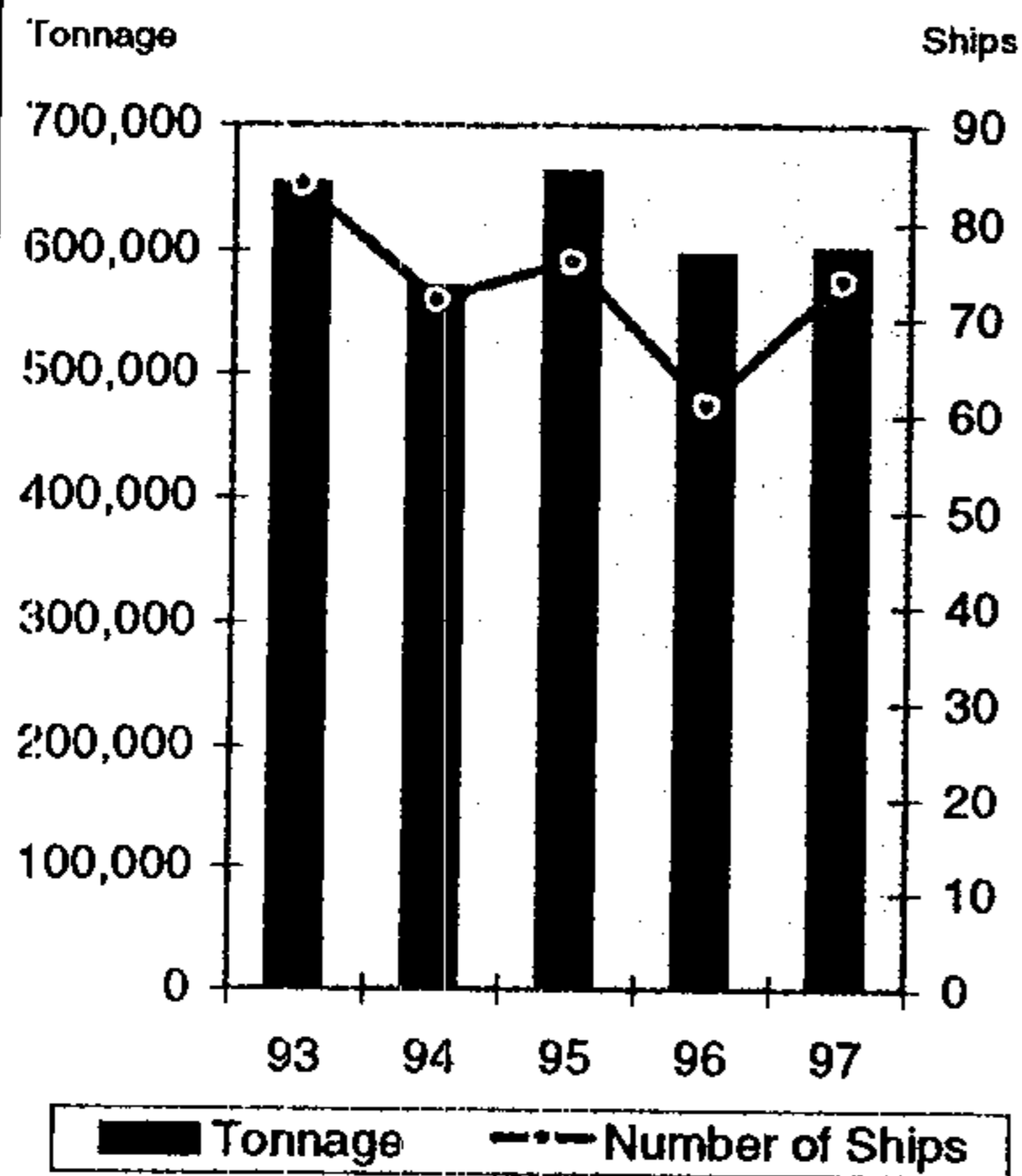
(Unaudited)



\* Includes tonnage of new leasee

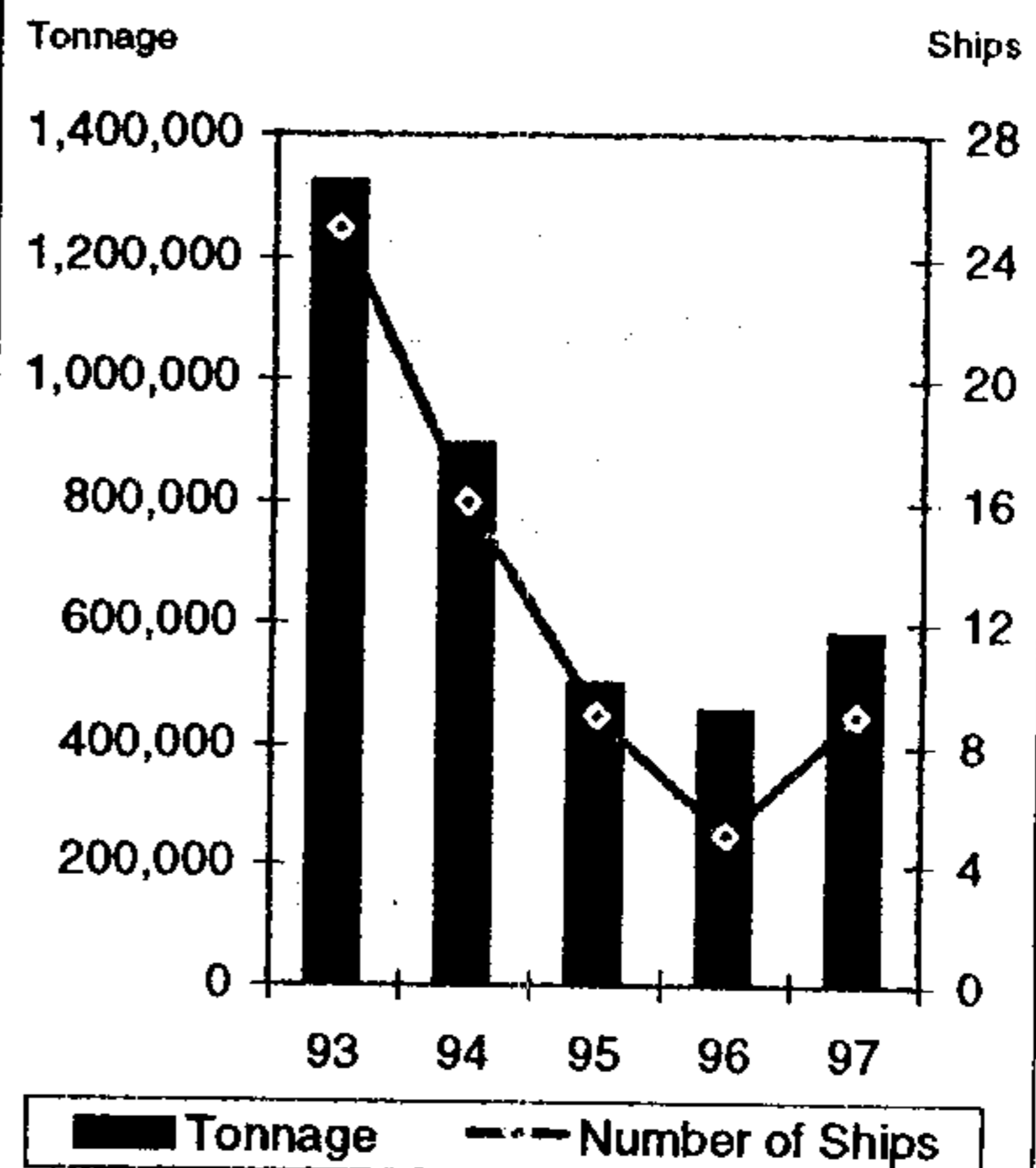
### GENERAL CARGO DOCKS

Greater Baton Rouge Port Commission  
Reported in Tons (Unaudited)



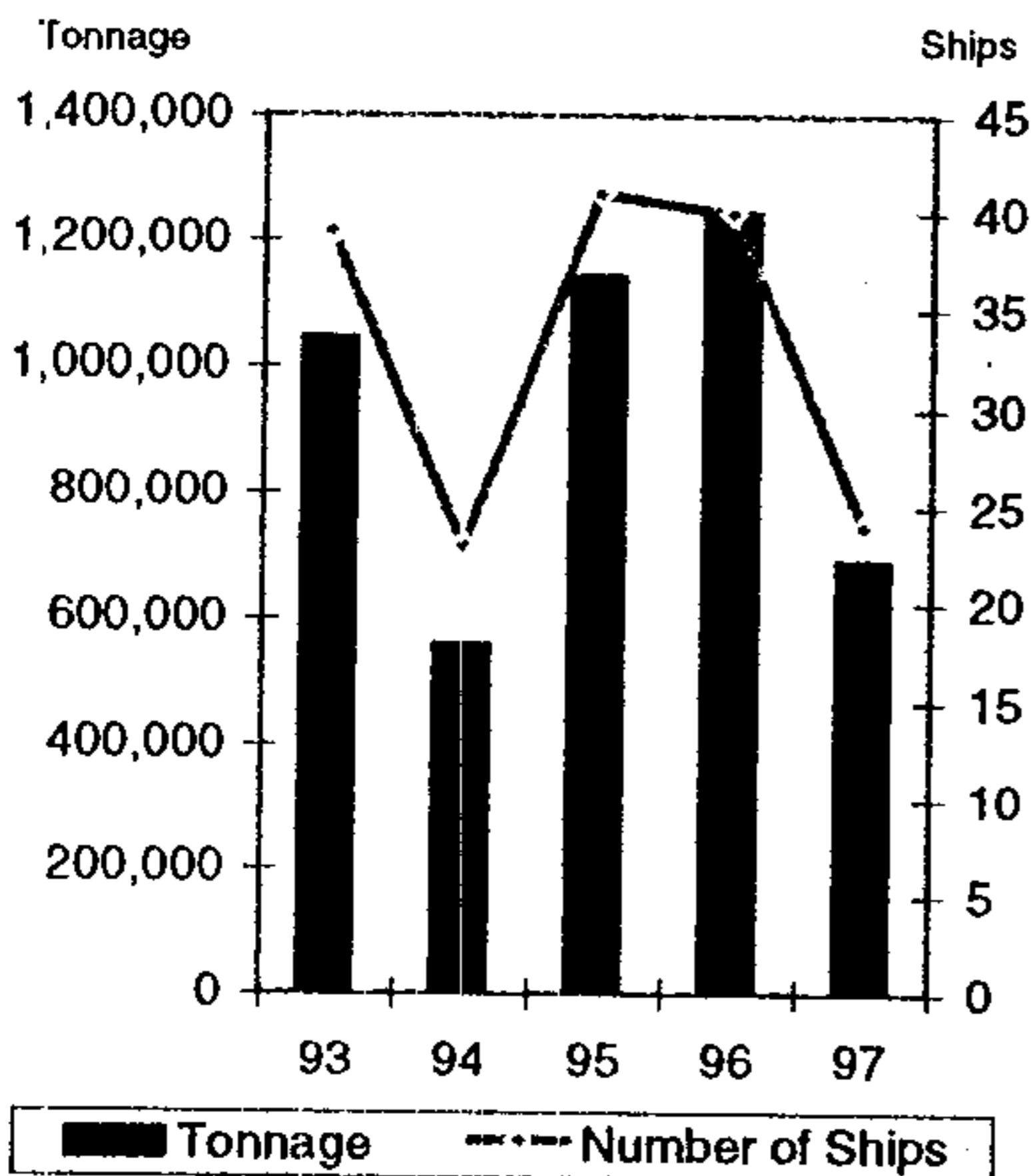
### PETROLEUM TERMINAL

Greater Baton Rouge Port Commission  
Reported in Tons (Unaudited)



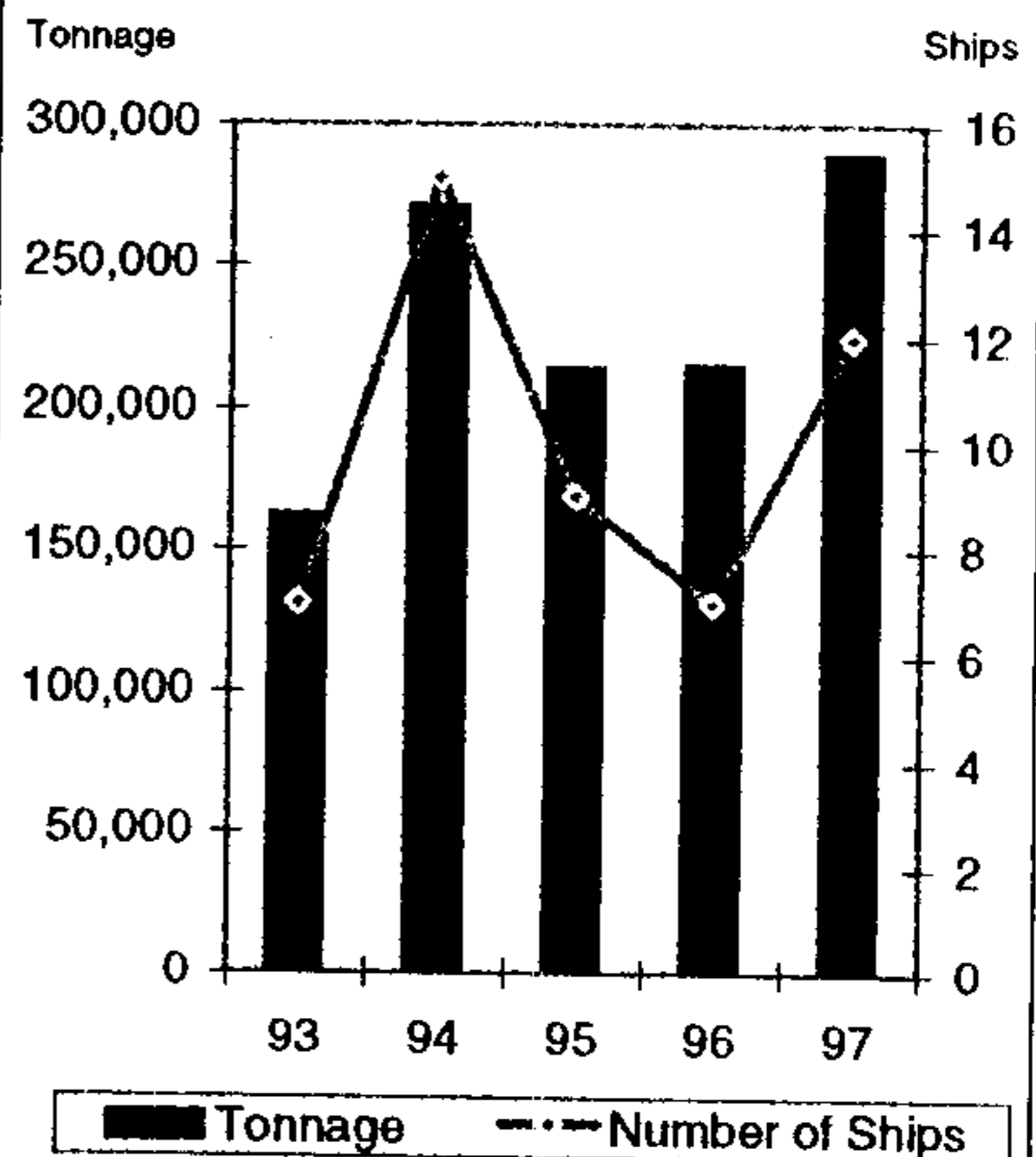
### CARGILL GRAIN ELEVATOR

Greater Baton Rouge Port Commission  
Reported in Tons (Unaudited)



### MOLASSES TERMINAL

Greater Baton Rouge Port Commission  
Reported in Tons (Unaudited)





<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
\$2,147,123	\$2,125,422	\$2,209,685	\$1,751,445	\$2,237,645	\$2,039,686	\$2,135,918
697,124	699,345	734,523	739,474	760,617	837,053	874,521
335,144	322,230	221,828	240,424	575,118	169,388	61,255
111,174	58,651	43,887	5,276	5,050	37,970	38,452
591,562	824,380	836,217	803,127	1,013,393	959,842	931,699
<u>3,882,127</u>	<u>4,030,028</u>	<u>4,046,140</u>	<u>3,539,746</u>	<u>4,591,823</u>	<u>4,043,939</u>	<u>4,041,845</u>
1,866,624	1,813,857	1,705,200	1,861,499	1,867,646	1,994,598	1,686,793
845,376	916,786	918,729	910,778	1,140,418	1,293,318	1,169,836
1,455,344	1,525,677	1,577,341	1,663,909	1,456,530	1,445,690	1,668,677
<u>4,167,344</u>	<u>4,256,320</u>	<u>4,201,270</u>	<u>4,436,186</u>	<u>4,464,594</u>	<u>4,733,606</u>	<u>4,525,306</u>
<u>(285,217)</u>	<u>(226,292)</u>	<u>(155,130)</u>	<u>(896,440)</u>	<u>127,229</u>	<u>(689,667)</u>	<u>(483,461)</u>
275,386	185,531	141,916	160,042	290,044	331,983	335,681
25,970	29,257	30,909		430		
(206,395)	(182,630)	(157,955)	(132,510)	(132,056)	(130,689)	(120,037)
(489)	(452)	(414)	(375)	(335)	(292)	(248)
(6,351)	(9,474)	(5,124)	(5,108)	(2,714)	(5,396)	(3,790)
<u>88,121</u>	<u>22,232</u>	<u>9,332</u>	<u>22,049</u>	<u>155,369</u>	<u>195,606</u>	<u>211,606</u>
<u>(\$197,096)</u>	<u>(\$204,060)</u>	<u>(\$145,798)</u>	<u>(\$874,391)</u>	<u>\$282,598</u>	<u>(\$494,061)</u>	<u>(\$271,855)</u>

## **Statistical Section**



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

**Summary of Revenues, Expenses, and Net Income (Loss)  
For the Years Ended October 31, 1988 through 1997  
(Unaudited)**

	<u>1988</u>	<u>1989</u>	<u>1990</u>
<b>OPERATING REVENUES</b>			
Dockage and wharfage	\$1,843,306	\$2,109,227	\$1,615,599
Rentals	728,247	662,467	675,906
Freight handling	335,592	297,259	233,850
Storage		5,941	20,524
Other	497,147	479,897	453,236
Total	<u>3,404,292</u>	<u>3,554,791</u>	<u>2,999,115</u>
<b>OPERATING EXPENSES</b>			
Direct	1,737,387	1,584,547	1,644,613
Administrative	700,725	684,374	716,852
Depreciation	1,238,619	1,257,027	1,266,767
Total	<u>3,676,731</u>	<u>3,525,948</u>	<u>3,628,232</u>
Operating Income (Loss)	<u>(272,439)</u>	<u>28,843</u>	<u>(629,117)</u>
<b>NONOPERATING REVENUES (Expenses)</b>			
Interest revenue	867,749	621,619	376,063
Miscellaneous	34,151	34,509	56,395
Gain on sale of land	521,593		
Interest expense	(272,615)	(251,300)	(229,215)
Amortization of debt issue and bond premium, net	(3,081)	(2,806)	(623)
Trustee's fees	(7,360)	(1,838)	(5,479)
Write-off of computerization cost		(115,712)	
Claims settlement		(50,000)	
Total	<u>1,140,437</u>	<u>234,472</u>	<u>197,141</u>
Net Income (Loss)	<u>\$867,998</u>	<u>\$263,315</u>	<u>(\$431,976)</u>

LEGISLATIVE AUDITOR

GREATER BATON ROUGE PORT COMMISSION  
STATE OF LOUISIANA  
Compliance and Internal Control Report  
January 15, 1998  
Page 2

This report is intended for the information and use of the Greater Baton Rouge Port Commission and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in cursive script that reads "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

STD:WMB:dl

[GBRPC]



DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

OFFICE OF  
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January 15, 1998

Report on Compliance and on Internal Control Over  
Financial Reporting Based on an Audit of the  
General Purpose Financial Statements

**GREATER BATON ROUGE PORT COMMISSION**  
**STATE OF LOUISIANA**  
Port Allen, Louisiana

We have audited the general purpose financial statements of the Greater Baton Rouge Port Commission, a component unit of the State of Louisiana, as of October 31, 1997, and October 31, 1996, and for the years then ended, and have issued our report thereon dated January 15, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Greater Baton Rouge Port Commission's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Greater Baton Rouge Port Commission's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on compliance with laws and regulations and on internal controls as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.

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

Schedule of Commissioners' Per Diem  
For the Year Ended October 31, 1997

<u>COMMISSIONER</u>	<u>NUMBER OF MEETINGS FOR WHICH PAID</u>	<u>AMOUNT</u>
Arnold, Clyde	2	\$150
Burgess, Lorri Ann	21	1,575
Carter, Lawrence	2	150
D'Agastino, Charles	18	1,350
Dragg, Alvin	24	1,800
Gautreaux, Jr., Maurice	13	975
Ishmael, Calvin	23	1,725
Johnson, Larry	24	1,800
Jones, Anna	2	150
Joseph, Jessie	2	150
Kimball, H. M.	23	1,725
Lolis, Shirley	2	150
Ribes, Sandra	21	1,575
Robert, Boyd	9	675
Robertson, Lynn	20	1,500
Scott, Henry	20	1,500
Smith, Lucille	19	1,425
Wales, Robert	16	1,200
Wallace, Steve	20	1,500
Winfield, W. T.	1	75
Woods, Larry	19	1,425
		<u>\$22,575</u>

DEPRECIATION		OPERATING INCOME (LOSS)		
1997	1996	1997	1996	INCREASE (DECREASE)
\$216,523	\$99,799	\$373,528	\$733,518	(\$359,990)
783,165	699,132	2,458	(269,824)	272,282
47,180	87,654	171,222	(273,810)	445,032
137,965	76,549	78,891	119,984	(41,093)
247,174	247,174	54,092	56,788	(2,696)
33,082	73,092	(27,911)	(73,210)	45,299
83,083	102,083	55,572	44,494	11,078
15,775	15,775	4,362	(35,225)	39,587
		293,541	414,347	(120,806)
		61,396	(82,615)	144,011
48,775		(339,236)	(1,048)	(338,188)
		14,415	14,684	(269)
1,612,722	1,401,258	742,330	648,083	94,247
55,955	44,432	(1,225,791)	(1,337,750)	111,959
<u>\$1,668,677</u>	<u>\$1,445,690</u>	<u>(\$483,461)</u>	<u>(\$689,667)</u>	<u>\$206,206</u>

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

**Summary Schedule of Operating Income (Loss) by Facility  
For the Years Ended October 31, 1997 and 1996**

	<u>OPERATING REVENUES</u>		<u>OPERATING EXPENSES</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
Grain storage facility	\$603,903	\$868,732	\$13,852	\$35,415
General cargo wharf	1,631,666	1,354,789	846,043	925,481
East bank operations	278,742	266,016	60,340	452,172
Molasses tank farm	294,473	269,204	77,617	72,671
Bulk ore terminal	309,110	309,110	7,844	5,148
West bank railroad facility	181,809	201,757	176,638	201,875
Petroleum terminal	142,553	153,069	3,898	6,492
Midstream loading facility	21,078		941	19,450
Miscellaneous river activities	295,046	414,600	1,505	253
Miscellaneous east and west bank activities	203,258	180,662	141,862	263,277
Inland rivers marine terminal	55,207	1,000	345,668	2,048
Foreign trade zone	25,000	25,000	10,585	10,316
Totals before administrative expenses	4,041,845	4,043,939	1,686,793	1,994,598
Administrative expenses	NONE	NONE	1,169,836	1,293,318
Totals	<u>\$4,041,845</u>	<u>\$4,043,939</u>	<u>\$2,856,629</u>	<u>\$3,287,916</u>

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

**Schedule of Administrative Expenses  
For the Years Ended October 31, 1997 and 1996**

	<u>1997</u>	<u>1996</u>
Director's salary	\$84,274	\$77,203
Other salaries and wages	382,240	360,971
Annual and sick leave	49,640	48,024
Legal	102,998	114,582
Advertising	104,451	95,070
Travel	30,457	31,519
Trade and sales solicitation	23,405	18,184
Education expenses	22,380	20,051
Auditing	19,079	19,000
Engineering	26,974	20,400
Consulting fees	13,021	8,515
Legislative consultant fees	36,092	36,003
Contributions to state retirement system, payroll taxes, and group insurance program	86,104	83,495
Office supplies and postage	22,680	23,380
Telephone and telegraph	7,252	5,037
Dues and subscriptions	13,139	13,832
Utilities	13,438	13,209
Office repairs and maintenance	22,384	28,418
Automobile expenses	1,018	1,114
Insurance	34,251	14,958
Outside administrative services	5,799	11,612
Bad debts	776	206,996
Miscellaneous	45,409	16,695
Commissioners' per diem	22,575	25,050
	<u>\$1,169,836</u>	<u>\$1,293,318</u>



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

**Schedule of Operating Expenses by Major Category  
For the Years Ended October 31, 1997 and 1996**

<u>Major Category</u>	<u>1997</u>	<u>1996</u>
Personnel services	\$1,699,827	\$1,742,156
Operating services	468,820	542,943
Travel	49,568	35,733
Supplies	187,228	220,124
Professional services	245,012	226,257
Depreciation	1,668,677	1,445,690
Bad debts	776	206,996
Other	<u>205,398</u>	<u>313,707</u>
Total	<u>\$4,525,306</u>	<u>\$4,733,606</u>

Schedule 3

2000		2001		2002		OPTIONS END	LATER	
W/O OPTIONS	W/ OPTIONS	W/O OPTIONS	W/ OPTIONS	W/O OPTIONS	W/ OPTIONS		W/O OPTIONS	W/ OPTIONS
\$284,110	\$284,110	\$284,110	\$284,110	\$284,110	\$284,110	07/31/08	\$1,633,631	\$1,633,631
189,000	189,000	189,000	189,000	189,000	189,000	10/31/05	567,000	1,742,000
12,403	12,403	12,403	12,403	12,403	12,403	02/28/13	146,305	146,305
150,000	150,000	150,000	150,000	150,000	150,000	12/31/06	475,000	1,225,000
141,455	141,455	141,455	141,455	141,455	141,455	05/01/11	1,139,574	1,214,159
3,817	3,817	3,817	3,817	3,817	3,817	03/31/99	3,816	3,816
27,500	27,500	27,708	27,708	30,000	30,000	09/30/13	372,500	372,500
						10/31/98		
4,908	4,908	4,908	4,908	4,908	4,908	05/30/01	30,593	30,593
6,324	6,324	4,439	4,439	1,800	1,800	05/30/01	1,800	1,800
						10/31/98		
900	900	900	900	900	900	12/31/12	8,250	8,250
3,114	3,114	3,114	3,114	3,114	3,114	04/30/08	17,831	17,831
1,008	1,008	1,008	1,008	1,008	1,008	02/28/05	2,352	2,352
<u>\$824,539</u>	<u>\$824,539</u>	<u>\$822,862</u>	<u>\$822,862</u>	<u>\$822,515</u>	<u>\$822,515</u>		<u>\$4,398,652</u>	<u>\$6,398,237</u>

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

**Schedule of Future Lease Rentals Revenue**

<u>LESSEE</u>	<u>FACILITY</u>	<u>MINIMUM ANNUAL RENTAL FOR 1998</u>	<u>1998</u>		<u>1999</u>	
			<u>W/O OPTIONS</u>	<u>W/ OPTIONS</u>	<u>W/O OPTIONS</u>	<u>W/ OPTION</u>
Ormet Corporation	Bulk ore terminal	\$284,110	\$284,110	\$284,110	\$284,110	\$284,110
Cargill, Inc.	Grain storage facility	189,000	189,000	189,000	189,000	189,000
Cargill, Inc.	Tract of land	12,206	12,206	12,206	12,403	12,403
Hall-Buck Marine, Inc.	Port's barge terminal	150,000	150,000	150,000	150,000	150,000
Westway Trading Corp.	Molasses tank farm	154,775	154,775	154,775	143,675	143,675
Ramsey, Scarlett and Co., Inc.	Warehouse and tract of land	12,719	12,719	12,719	7,526	7,526
Petroleum Fuel and Terminal	Tract of land	27,500	27,500	27,500	27,500	27,500
Agway Systems, Inc.	Five tracts of land and building	711	711	711		
Baton Rouge Marine Contractors	Office space	4,908	4,908	4,908	4,908	4,908
Baton Rouge Marine Contractors	Tract of land	6,324	6,324	6,324	6,324	6,324
Trinity Marine Baton Rouge, Inc.	Tract of land	45,617	45,617	45,617		
Other	Judson Baptist	900	900	900	900	900
	Community Coffee	3,065	3,065	3,065	3,114	3,114
	B.R. Steamship	624	624	624		
	WBR Chamber of Commerce	1,008	1,008	1,008	1,008	1,008
<b>Total</b>		<b>\$893,467</b>	<b>\$893,467</b>	<b>\$893,467</b>	<b>\$830,468</b>	<b>\$830,468</b>

CURRENT LEASE DATE OF EXPIRATION	REMARKS
July 31, 2008	Lessee pays cost of repairs and insurance and has the option to renew at the end of the lease term with one year notice of intent.
October 31, 2005	Lessee pays costs of insurance and maintaining or replacing equipment and has the option to renew for an additional five years at \$235,000 per year.
February 28, 2013	Lessee has the option to renew at the end of the lease term. Rental is payable annually in advance.
December 31, 2006	Lessee pays costs of insurance, maintaining the facility and maintaining or replacing equipment and has the option to renew at the end of the lease. Rent is payable in semiannual installments.
May 1, 2011	Lessee pays cost of insurance and maintaining the facility and has the option to renew at the end of the lease term. The Port Commission is responsible for replacements due to ordinary wear and tear. Rental is payable monthly in advance.
March 31, 1999	Lessee has the option to renew at the end of the lease term. Rental is payable monthly in advance.
September 30, 2013	Lessee has option to renew for five additional three-year periods.
Month-to-Month	Rentals are paid in advance.
September 30, 2000	Lessee has the option to renew at the end of the lease term for two additional five-year terms. Rental is payable semiannually on April 1 and October 1. Lessee is currently negotiating to terminate the contract before the contract date.
May 31, 2001	Lessee has the option to renew for a ten-year period at the end of the lease term. Rental is payable annually in advance. Lessee has the option to renew for a ten-year period at the end of the lease term. Rental is payable annually in advance.
Various	The Port Commission has leased minor items of property and equipment to others. Annual rentals, expiration dates and other terms vary with each lease.

## ACCUMULATED DEPRECIATION

BALANCE OCTOBER 31, 1996	PROVISIONS	DISPOSALS	BALANCE OCTOBER 31, 1997	NET PROPERTY AND EQUIPMENT OCTOBER 31, 1997
				\$3,333,269
\$2,012,487	\$38,957		\$2,051,444	416,484
1,250,067	29,553		1,279,620	134,971
36,044,168	1,491,515		37,535,683	21,666,428
8,424,974	48,752	\$142,561	8,331,165	1,202,483
204,128	39,771		243,899	162,447
85,833	20,129		105,962	46,488
				4,202,112
<u>\$48,021,657</u>	<u>\$1,668,677</u>	<u>\$142,561</u>	<u>\$49,547,773</u>	<u>\$31,164,682</u>



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

**Schedule of Property and Equipment  
For the Years Ended October 31, 1997 and 1996**

	<b>COSTS</b>			
	BALANCE OCTOBER 31, 1996	ADDITIONS	DISPOSALS/ TRANSFERS	
Land	\$3,333,269			\$3,333,269
Railroad tracks and yards	2,467,928			2,467,928
Roadways and surface drainage	1,408,758	\$5,833		1,414,591
Buildings and structures	58,536,410	665,701		59,202,111
Equipment	8,680,780	995,429	\$142,561	9,533,648
Office furniture and fixtures	231,854	174,492		406,346
Transportation equipment	152,450			152,450
Other construction in-progress	450,607	5,602,307	1,850,802	4,202,112
<b>Total</b>	<u><u>\$75,262,056</u></u>	<u><u>\$7,443,762</u></u>	<u><u>\$1,993,363</u></u>	<u><u>\$80,712,455</u></u>

**GREATER BATON ROUGE PORT COMMISSION  
STATE OF LOUISIANA  
SUPPLEMENTAL INFORMATION SCHEDULES  
As of and for the Year Ended October 31, 1997**

**Schedule of Property and Equipment**

The schedule of property and equipment shows the additions and disposals/transfers affecting property and equipment by major category. The schedule also shows the provisions and disposals affecting accumulated depreciation.

**Schedule of Lease Information**

The schedule of lease information provides information regarding property and facilities currently being leased by the port to the various lessees.

**Schedule of Future Lease Rentals Revenue**

The schedule of future lease rentals revenue indicates the estimated revenues to be received from the leases currently in effect. The projections are for lease rentals with and without lease options being exercised.

**Schedule of Operating Expenses by Major Category**

The schedule of operating expenses by major category groups details expenses by major expense category.

**Schedule of Administrative Expenses**

The schedule of administrative expenses details the administrative expenses by major type.

**Summary Schedule of Operating Income (Loss) by Facility**

The summary schedule of operating income (loss) by facility details the operating revenues, operating expenses, and depreciation expense by the various port facilities.

**Schedule of Commissioners' Per Diem**

The schedule of per diem paid board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Per diem payments are authorized by Louisiana Revised Statute 34:1221 and are included in personal services expenses. Board members are paid \$75 per day, to a maximum of 24 days per year, for board meetings and official business. During the period of an emergency as declared and determined by the governor, the Port Commission shall be authorized to hold as many meetings or emergency activities as the board deems necessary and the members shall be paid per diem for such meetings or activities.

**GREATER BATON ROUGE PORT COMMISSION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Concluded)

available to all Port Commission employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the State of Louisiana and remain (until paid or made available to the employee or other beneficiary) the property of the State of Louisiana, subject to the claims of the general creditors of the State of Louisiana. It is the opinion of the state's attorney general that the state has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. No assets or liabilities related to this plan are included in the financial statements of the Port Commission and all amounts held by the plan do not constitute an indebtedness of the Port Commission. Complete disclosures relating to the State of Louisiana Public Employees Deferred Compensation Plan are included in the financial statements of the State of Louisiana.

**12. CONSTRUCTION IN PROGRESS**

As of October 31, 1997, contracts for construction work in progress have been awarded in the amount of \$12,352,690. Approximately \$4,023,044 of the costs have been incurred. The Port Commission has received reimbursement for these projects of \$2,869,279 from the Department of Transportation and Development. The estimated Port Commission liability to complete construction work in progress after maximum reimbursement is approximately \$1,758,588, plus additional fees for testing and inspection.

At October 31, 1997, contracts had not been awarded for one other construction project. The estimated cost of this project is \$1,200,000 plus testing and inspection. The Port Commission anticipates being reimbursed for the entire amount. The costs are related to the demolition and reconstruction of the concrete dock pad and retaining wall located at the Inland Rivers Marine Terminal facility that failed immediately after its construction was completed. The incident is currently under litigation.

**GREATER BATON ROUGE PORT COMMISSION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

Members are required by state statute to contribute 7.5 percent of gross salary, and the Port Commission is required to contribute at an actuarially determined rate as required by Louisiana Revised Statute 11:102. The contribution rate for the fiscal year ended October 31, 1997, increased to 12.4 percent, of annual covered payroll from the 12.0 percent and 11.9 percent required in fiscal year ended October 31, 1996 and 1995, respectively. The Port Commission's contributions to the system for the years ending October 31, 1997, 1996, and 1995, were \$141,972, \$141,631, and \$138,227, respectively, equal to the required contributions for each year.

**9. POSTRETIREMENT HEALTH CARE  
AND LIFE INSURANCE BENEFITS**

The Port Commission provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the Port Commission's employees become eligible for these benefits if they reach normal retirement age while working for the port. These benefits for retirees and similar benefits for active employees are provided through a state-operated group insurance program whose monthly premiums are paid jointly by the employee and the Port Commission. The Port Commission recognizes the cost of providing these benefits to retirees (port's portion of premiums) as an expense when paid during the year. These benefits for 24 retirees totaled \$49,912 for the year ended October 31, 1997.

**10. RISK MANAGEMENT AND  
CONTINGENT LIABILITIES**

The Port Commission is a party to various legal proceedings incidental to its business. Certain claims, suits, and complaints arising in the ordinary course of business have been filed or are pending against the port. In the opinion of management, all such matters are adequately covered by commercial insurance purchased by the port, or if not so covered, are not expected to have a material effect on the financial statements of the Port Commission. During the past three years, there were no claims against the port, which exceeded insurance coverage.

Subsequent to the acceptance of the Inland Rivers Marine Terminal, the retaining wall and dock pad experienced a major structural failure. The damage was such that it rendered the structure physically unstable and unfit for its intended use. The Port Commission issued \$1 million in certificates of indebtedness to provide funds for the demolition and reconstruction of the retaining wall and dock pad. The estimated cost of repairs is \$1,200,000 plus testing and inspection. The Port Commission anticipates being reimbursed for the entire amount. The incident is currently in litigation.

**11. DEFERRED COMPENSATION PLAN**

The Port Commission participates in the State of Louisiana Public Employees Deferred Compensation Plan, which is a cost-sharing, multiple-employer public employee deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan,



**GREATER BATON ROUGE PORT COMMISSION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

Minimum future rentals on long-term leases as of October 31 follows:

<u>Year Ended October 31</u>	<u>Revenues Assuming</u>	
	<u>All Options Are Not Exercised</u>	<u>Future Options Are Exercised</u>
1998	\$893,467	\$893,467
1999	830,468	830,468
2000	824,539	824,539
2001	822,862	822,862
2002	822,515	822,515
Later Years	4,398,652	6,398,238
<b>Total Minimum Future Rentals</b>	<b>\$8,592,503</b>	<b>\$10,592,089</b>

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

**8. RETIREMENT SYSTEM**

The Greater Baton Rouge Port Commission has elected an early implementation of GASB Statement 27, "Accounting for Pensions by State and Local Governmental Employers" for fiscal year ended June 30, 1997.

Substantially all employees of the Port Commission are members of the Louisiana State Employees Retirement System (System), a cost-sharing, multiple-employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time Port Commission employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5 percent of their highest consecutive 36 months' average salary multiplied by their years of credited service. Vested employees may retire at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (504) 922-0608 or (800) 256-3000.



**GREATER BATON ROUGE PORT COMMISSION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**6. CONTRIBUTED CAPITAL**

Contributed capital is provided by the Department of Transportation and Development and consists of the following:

	<u>1997</u>	<u>1996</u>
Balance, beginning of year	\$12,870,241	\$10,471,631
Additional contributions	<u>4,502,622</u>	<u>2,398,610</u>
Balance, end of year	<u><u>\$17,372,863</u></u>	<u><u>\$12,870,241</u></u>

**7. LEASES**

A grain storage facility, molasses tank farm, bulk ore terminal, barge terminal, tract of land on which a petroleum terminal is located, public warehouse and various other properties of the Port Commission have been leased to tenants for various terms. The lessees bear substantially all ordinary operating and maintenance expenses of the leased properties and have the option of renewing the leases at the end of the original term.

The carrying values and depreciation expense of the properties leased under long-term leases by the Port Commission are as follows:

	<u>1997</u>	<u>1996</u>
Railroad tracks and yards	\$562,342	\$181,806
Roadways and surface drainage	456,296	237,167
Buildings and structures	24,155,058	22,152,871
Equipment	<u>7,682,918</u>	<u>7,682,918</u>
Total Leased Property	<u>32,856,614</u>	<u>30,254,762</u>
Less accumulated depreciation	<u>(30,024,576)</u>	<u>(26,842,417)</u>
Net Leased Property	<u><u>\$2,832,038</u></u>	<u><u>\$3,412,345</u></u>
Depreciation Expense	<u><u>\$710,333</u></u>	<u><u>\$516,808</u></u>

**GREATER BATON ROUGE PORT COMMISSION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

The bonds may be called for redemption by the Port Commission at the option of the Port Commission before maturity, in whole or in part, in the inverse order of maturity, on any interest date. Call prices noted are those at which the bonds could be redeemed at November 1, 1997.

Maturities of long-term debt including interest payments of \$449,091 are as follows:

	<u>Bonds</u>	<u>Certificate of Indebtedness</u>	<u>Total</u>
1998	\$469,225	\$50,026	\$519,251
1999	466,225	51,900	518,125
2000	467,900	227,229	695,129
2001	469,088	227,627	696,715
2002	469,787	227,507	697,294
2003		226,868	226,868
2004		225,709	225,709
	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total	<u>\$2,342,225</u>	<u>\$1,236,866</u>	<u>\$3,579,091</u>

**5. RETAINED EARNINGS RESERVED FOR  
BOND RETIREMENT AND DEBT SERVICE**

The gross reserve requirements for the Series E bonds, as described in note 1-E, at October 31, 1997 and 1996, were computed as follows:

<u>Required Reserve</u>	<u>1997</u>	<u>1996</u>
Assets restricted for bond retirement and debt service	\$942,410	\$951,592
Less current liabilities payable from restricted assets	<u>494,959</u>	<u>484,042</u>
Total Reserve Required	<u>\$447,451</u>	<u>\$467,550</u>
<u>Reserve Summary</u>		
Balance reserved at beginning of year	\$467,550	\$467,550
Transfer to (from) unreserved retained earnings	<u>(20,099)</u>	<u>-----</u>
Balance Reserved at End of Year	<u>\$447,451</u>	<u>\$467,550</u>

**GREATER BATON ROUGE PORT COMMISSION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

fund obligations; and (3) Port Commission properties secure the indebtedness. In addition, the bonds are general obligations of the State of Louisiana and are secured by the irrevocable pledge of the full faith and credit of the State of Louisiana and the Parishes of East Baton Rouge, West Baton Rouge, Iberville, and Ascension.

**Excess Revenue Certificates of Indebtedness** - On July 14, 1997, the Port Commission issued \$1,000,000 in certificates of indebtedness, Series 1997, to provide funds for the demolition and reconstruction of the concrete dock pad and retaining wall located at the Inland Rivers Marine Terminal Facility. The certificates mature on January 1, 2004, and bear interest at an annual rate of 5.19 percent paid semiannually.

The certificate's articles provide that the certificates are the limited obligations of the Port Commission and are payable solely from excess revenues. Excess revenues are to be dedicated in an amount sufficient for the payment of the principal, interest, and premium, if any, on the certificates; provided, however, that the principal and interest due in any year on the certificates does not exceed the excess revenues estimated to be realized in fiscal year 1997.

At October 31, 1997 and 1996, the outstanding indebtedness consisted of the following:

Bond Series	Maturing Serially To	Call Prices (%)	Interest Rate	Payable at 10/31/96	1997		Payable at 10/31/97
					Additions	Reductions	
E	2002	102.00	3.5%	\$2,885,000		\$370,000	\$2,515,000
Certificate of Indebtedness	2004	NONE	5.2%		\$1,000,000		1,000,000
Unamortized Premium on Bond Payable				289		94	195
				<u>\$2,885,289</u>	<u>\$1,000,000</u>	<u>\$370,094</u>	<u>3,515,195</u>
Less amounts due within one year payable from restricted assets							(385,000)
Amounts due after one year							<u>\$3,130,195</u>

Bond Series	Maturing Serially To	Call Prices (%)	Interest Rate	Payable at 10/31/95	1996		Payable at 10/31/96
					Additions	Reductions	
E	2002	102.00	3.5%	\$3,245,000		\$360,000	\$2,885,000
Unamortized Premium on Bond Payable				401		112	289
				<u>\$3,245,401</u>	<u>NONE</u>	<u>\$360,112</u>	<u>2,885,289</u>
Less amounts due within one year payable from restricted assets							(370,000)
Amounts due after one year							<u>\$2,515,289</u>

**GREATER BATON ROUGE PORT COMMISSION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

	<u>Category 3</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Money market	\$1,003,653	\$1,003,653	\$1,003,653
U.S. government securities	2,414,587	2,414,587	2,411,000
Total	<u>\$3,418,240</u>	3,418,240	3,414,653
Investments not subject to categorization - investment in LAMP		<u>1,551,135</u>	<u>1,551,135</u>
Total investments		<u>\$4,969,375</u>	<u>\$4,965,788</u>

**3. RESTRICTED ASSETS**

The mortgage indentures associated with the outstanding bonds require certain amounts to be transferred at certain intervals and carried in restricted asset accounts. At October 31, 1997 and 1996, the net balance of these accounts was sufficient to meet all requirements.

<u>Accounts</u>	<u>1997</u>	<u>1996</u>
Debt Service Fund:		
Interest account	\$60,411	\$50,488
Bond retirement account	385,000	370,000
Coupon paying account	34,037	63,554
Total Debt Service Fund	<u>479,448</u>	<u>484,042</u>
Debt Service Reserve Fund	462,962	467,550
Subtotal Series E Bonds	942,410	951,592
Certificates of indebtedness - Inland Rivers Marine Terminal construction	<u>1,003,653</u>	<u>NONE</u>
Total All Funds	<u>\$1,946,063</u>	<u>\$951,592</u>

**4. LONG-TERM DEBT**

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

The mortgage indentures of the bonds payable provide, among other things, that (1) the net proceeds be used only for the construction of port facilities; (2) net revenues, as defined, generally be used to meet current bond obligations and sinking fund and debt service reserve



**GREATER BATON ROUGE PORT COMMISSION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

limitation. Upon separation of employment, employees or their heirs are compensated for accumulated annual leave not to exceed 300 hours at their current rate of pay. Unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expense when the leave is earned.

**2. CASH AND INVESTMENTS**

The carrying amount of the Port Commission's cash and cash equivalents, including current and restricted assets, consist of the following at October 31, 1997:

Demand deposits	\$718,204
Time certificates of deposit	698,524
Trust accounts	<u>479,448</u>
 Total	 <u><u>\$1,896,176</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent banks. The market value of the pledged securities plus the federal deposit insurance and/or similar federal security must at all times equal the amount on deposit with the fiscal agents. At October 31, 1997, the Port Commission has \$2,176,243 in deposits (collected bank balances). These deposits are secured from risk by \$218,280 of federal deposit insurance (GASB Risk Category 1). In addition, \$1,957,963 of pledged securities are held by the pledging financial institution's trust department or agent but not in the Port Commission's name (GASB Risk Category 3).

The Port Commission's investments, including current and restricted assets, are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 3 includes uninsured and unregistered investments for which the securities are held by the fiscal agents and/or their trust departments. In accordance with GASB Codification Section 150.165, the investment in LAMP as of October 31, 1997, is not categorized in a risk category because the investment is in a pool of funds managed by another government. Only political subdivisions 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. LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

**GREATER BATON ROUGE PORT COMMISSION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

state treasurer and organized under the laws of the State of Louisiana, which operates the investment pool.

For the year ended October 31, 1996, cash and cash equivalents have been restated to include certificates of deposit, which were previously reported as investments.

**Receivables** - All known uncollectible accounts have been removed from receivables and an allowance has been made for doubtful accounts.

**Property and Equipment** - Property and equipment are stated at historical cost. Public domain ("infrastructure") general fixed assets including roads, surface drainage, railroad tracks and yards are capitalized along with other fixed assets. Depreciation expense, which includes depreciation associated with assets acquired through contributed capital, is presented as an operating expense and closed along with other operating expenses directly to retained earnings. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets as shown below:

	<u>Years</u>
Railroad tracks and yards	20 to 40
Roadways and surface drainage	5 to 33
Buildings and structures	5 to 40
Equipment	5 to 25
Office furniture and fixtures	3 to 10
Transportation equipment	3 to 5

**Retained Earnings Reserved for Bond Retirement and Debt Service** - The Series E Bonds require a reserve to be provided in an amount equal to the excess of restricted assets applicable to these bonds over the current liabilities payable from these restricted assets. The net change in the account (as calculated in note 5) is transferred to or from unreserved retained earnings each year.

**Lease Revenue Recognition** - Lease rentals, as further explained in note 7, are accounted for under the operating method whereby revenue is recognized currently as rentals become due.

**Unamortized Debt Issue Expense and Bond Premium** - Debt expense and bond premium, incurred in connection with the issuance of the bonds, are amortized using the bonds outstanding method over the term of the bonds.

**F. COMPENSATED ABSENCES**

Employees accrue and accumulate annual and sick leave at varying rates in accordance with state law based on full-time service. The leave is accumulated without



**GREATER BATON ROUGE PORT COMMISSION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**C. BASIS OF ACCOUNTING**

The proprietary fund is accounted for using a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and liabilities associated with the operations of this fund are included on the balance sheet. The Port Commission uses the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred.

Under the provisions of GASB Statement 20, "Accounting and Financial Reporting for Proprietary Fund Accounting," the Port Commission follows pronouncements of the GASB and has elected not to follow Financial Accounting Standards Board guidance issued subsequent to November 30, 1989.

**D. BUDGETS AND BUDGETARY ACCOUNTING**

The Port Commission uses the following budgetary practices:

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

**E. ASSETS, LIABILITIES, AND FUND EQUITY**

**Cash and Cash Equivalents and Investments** - Cash includes cash on hand, demand deposits, interest-bearing demand deposits, and cash in trust accounts. Cash equivalents include amounts in time deposits. Under state law, the Port Commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the Port Commission may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Port Commission is authorized to invest in funds in direct U.S. Treasury obligations. These investments are U.S. Treasury securities and money market accounts and are reported at cost, which approximates market on the balance sheet. In addition, the Port Commission is authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the

**GREATER BATON ROUGE PORT COMMISSION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements  
Years Ended October 31, 1997 and 1996

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. SCOPE OF REPORTING ENTITY**

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

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

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

**B. FUND ACCOUNTING**

The accounting and reporting policies of the Port Commission conform to generally accepted accounting principles applicable to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting principles and financial reporting standards.

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

**Statement C**

	1997	1996
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(\$3,972,321)	(\$6,039,719)
Sales and maturities of investments	4,162,620	5,359,436
Interest received on investments	328,429	322,082
Net cash used in investing activities	518,728	(358,201)
Net increase/decrease in cash and cash equivalents	1,107,575	(556,908)
Cash and Cash Equivalents - Beginning of Year	788,601	1,345,509
Cash and Cash Equivalents - End of Year	\$1,896,176	\$788,601
Cash and Cash Equivalents at End of Year Consist of:		
Unrestricted cash	\$953,766	\$304,559
Restricted cash	942,410	484,042
Total	\$1,896,176	\$788,601

(Concluded)

The accompanying notes are an integral part of this statement.

**GREATER BATON ROUGE PORT COMMISSION  
STATE OF LOUISIANA  
PROPRIETARY FUND - ENTERPRISE FUND**

Statements of Cash Flows  
For the Years Ended October 31, 1997 and 1996

	<u>1997</u>	<u>1996</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating loss	(\$483,461)	(\$689,667)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	1,668,677	1,445,690
Gain on sale of capital assets	(62,569)	(160)
Provision for doubtful accounts	(11,735)	(95,796)
Changes in unrestricted assets and liabilities:		
Trade accounts receivable	132,470	33,698
Other receivables	(30,419)	
Prepaid expenses	7,030	82,884
Other assets	(8,908)	404
Accounts payable	(59,029)	140,714
Accrued annual leave	(6,325)	(1,276)
Construction contracts payable	355,861	38,664
Other accrued liabilities	(9,929)	(45,170)
Rentals received in advance	26,743	12,282
Changes in restricted liabilities - unredeemed bond interest coupons	(13,120)	9,510
Net cash provided by operating activities	<u>1,505,286</u>	<u>931,777</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Financing Activities:		
Acquisition and construction of capital assets	(5,569,487)	(2,994,634)
Appropriations from State of Louisiana	4,084,768	2,287,637
Appropriations from Westway Trading Corporation		71,177
Sale of bonds	1,000,000	
Bond issue costs	(9,250)	
Principal payments on general obligation bonds	(370,000)	(360,000)
Interest payments on general obligation bonds	(115,039)	(136,989)
Proceeds from the sale of capital assets	62,569	2,325
Net cash used in capital and related financing activities	<u>(916,439)</u>	<u>(1,130,484)</u>

(Continued)

The accompanying notes are an integral part of this statement.



**GREATER BATON ROUGE PORT COMMISSION  
STATE OF LOUISIANA  
PROPRIETARY FUND - ENTERPRISE FUND**

Statements of Revenues, Expenses, and  
Changes in Retained Earnings  
For the Years Ended October 31, 1997 and 1996

	<u>1997</u>	<u>1996</u>
<b>OPERATING REVENUES</b>		
Dockage and wharfage	\$2,135,918	\$2,039,686
Rentals	874,521	837,053
Freight handling	61,255	169,388
Storage	38,452	37,970
Other	931,699	959,842
Total operating revenues	<u>4,041,845</u>	<u>4,043,939</u>
<b>OPERATING EXPENSES</b>		
Direct	1,686,793	1,994,598
Administrative	1,169,836	1,293,318
Depreciation	1,668,677	1,445,690
Total operating expenses	<u>4,525,306</u>	<u>4,733,606</u>
Operating Loss	<u>(483,461)</u>	<u>(689,667)</u>
<b>NONOPERATING REVENUES (Expenses)</b>		
Interest revenue	335,681	331,983
Interest expense	(120,037)	(130,689)
Amortization of debt issue and bond premium, net	(248)	(292)
Trustee's fees	(3,790)	(5,396)
Total nonoperating revenues (expenses)	<u>211,606</u>	<u>195,606</u>
Net Loss	(271,855)	(494,061)
Retained earnings - Beginning of Year	<u>17,438,043</u>	<u>17,932,104</u>
Retained earnings - End of Year	<u>\$17,166,188</u>	<u>\$17,438,043</u>

The accompanying notes are an integral part of this statement.

## LIABILITIES AND FUND EQUITY

	<u>1997</u>	<u>1996</u>
<b>CURRENT LIABILITIES</b>		
Payable from Unrestricted Assets:		
Accounts payable	\$284,802	\$343,831
Accrued annual leave	131,824	138,149
Construction contracts payable	519,453	163,592
Other accrued liabilities	62,487	72,416
Rentals received in advance	275,129	248,386
Total Current Liabilities - Payable from Unrestricted Assets	<u>1,273,695</u>	<u>966,374</u>
Payable from Restricted Assets:		
Bonds maturing November 1	385,000	370,000
Bond interest due November 1	59,524	50,488
Unredeemed bond interest coupons	50,435	63,555
Total Current Liabilities - Payable from Restricted Assets	<u>494,959</u>	<u>484,043</u>
<b>LONG-TERM LIABILITIES</b>		
Long-term debt (note 4)	<u>3,130,195</u>	<u>2,515,289</u>
Total Liabilities	<u>4,898,849</u>	<u>3,965,706</u>
<b>EQUITY</b>		
Contributed Capital (note 6)	<u>17,372,863</u>	<u>12,870,241</u>
Retained Earnings:		
Reserved for bond retirement and debt service (note 5)	447,451	467,550
Unreserved	16,718,737	16,970,493
Total Retained Earnings	<u>17,166,188</u>	<u>17,438,043</u>
Total Equity	<u>34,539,051</u>	<u>30,308,284</u>
Total Liabilities and Equity	<u>\$39,437,900</u>	<u>\$34,273,990</u>

(Concluded)

The accompanying notes are an integral part of this statement.



**GREATER BATON ROUGE PORT COMMISSION  
STATE OF LOUISIANA  
PROPRIETARY FUND - ENTERPRISE FUND**

Balance Sheets  
As of October 31, 1997 and 1996

**ASSETS**

	<u>1997</u>	<u>1996</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (note 2)	\$953,766	\$304,559
Investments (note 2)	3,965,722	4,692,123
Receivables:		
Trade accounts (net of allowance for uncollectible accounts of \$1,383 in 1997 and \$13,118 in 1996)	677,652	798,387
Due from other governments	556,146	138,292
Other receivables	30,419	
Accrued interest receivable	23,470	30,536
Prepaid expenses	110,023	117,053
Total Current Assets - Unrestricted	<u>6,317,198</u>	<u>6,080,950</u>
<b>RESTRICTED ASSETS</b>		
Cash and cash equivalents (note 3)	942,410	951,592
Investments (note 3)	1,003,653	
Total Restricted Assets	<u>1,946,063</u>	<u>951,592</u>
<b>PROPERTY AND EQUIPMENT</b>		
Land	3,333,269	3,333,269
Railroad tracks and yards	2,467,928	2,467,928
Roadways and structures	1,414,591	1,408,758
Buildings and structures	59,202,111	58,536,410
Equipment	9,533,648	8,680,780
Office furniture and fixtures	406,346	231,854
Transportation equipment	152,450	152,450
Other construction in-progress	4,202,112	450,607
Total Property and Equipment	<u>80,712,455</u>	<u>75,262,056</u>
Less - accumulated depreciation	<u>(49,547,773)</u>	<u>(48,021,657)</u>
Net Property and Equipment	<u>31,164,682</u>	<u>27,240,399</u>
<b>OTHER ASSETS</b>		
Unamortized debt issue costs	<u>9,957</u>	<u>1,049</u>
Total Assets	<u>\$39,437,900</u>	<u>\$34,273,990</u>

(Continued)

The accompanying notes are an integral part of this statement.

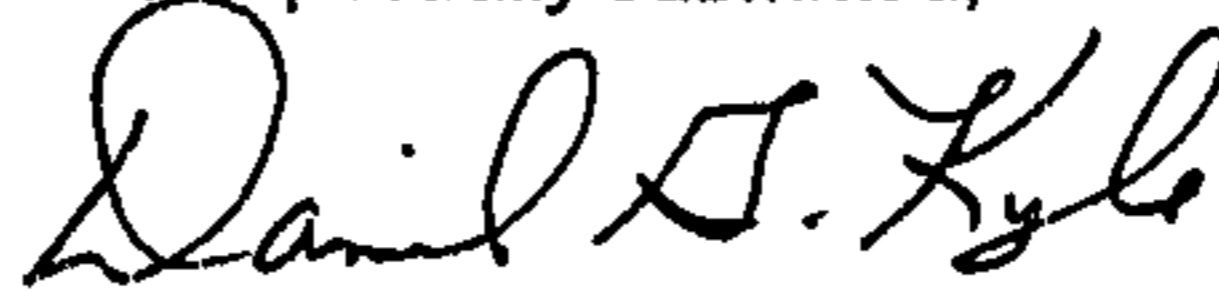
LEGISLATIVE AUDITOR

GREATER BATON ROUGE PORT COMMISSION  
STATE OF LOUISIANA  
Audit Report, October 31, 1997

Our audits were made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Greater Baton Rouge Port Commission. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

The introductory section and the statistical section listed in the table of contents were not audited by us, and, accordingly, we do not express an opinion on them.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

STD:WMB:dl

[GBRPC]



OFFICE OF  
LEGISLATIVE AUDITOR  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (504) 339-3800  
FACSIMILE: (504) 339-3870

DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

January 15, 1998

Independent Auditor's Report  
on the Financial Statements

**GREATER BATON ROUGE PORT COMMISSION**  
**STATE OF LOUISIANA**  
Port Allen, Louisiana

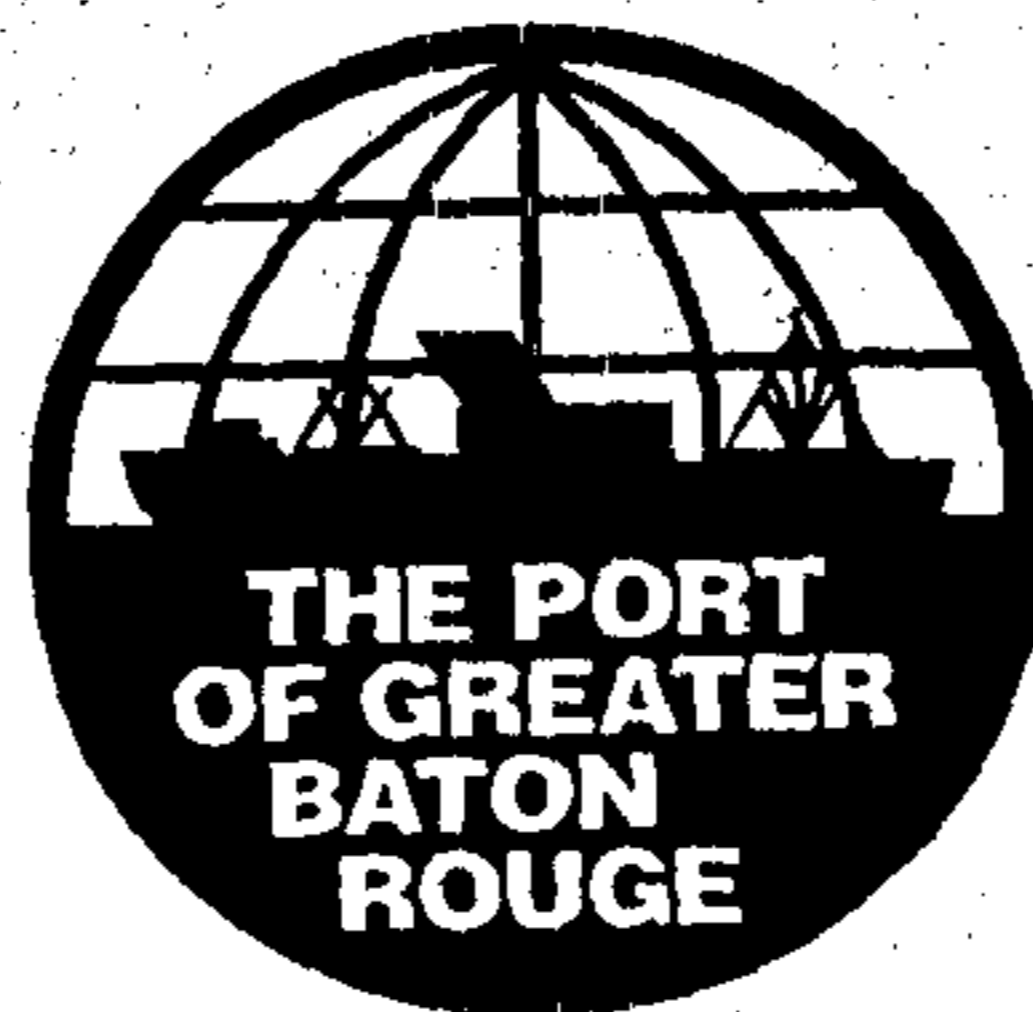
We have audited the accompanying general purpose financial statements of the Greater Baton Rouge Port Commission, a component unit of the State of Louisiana, as of and for the years ended October 31, 1997, and October 31, 1996, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the Greater Baton Rouge Port Commission. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Greater Baton Rouge Port Commission, as of October 31, 1997, and October 31, 1996, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 15, 1998, on our consideration of the Greater Baton Rouge Port Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

## **Financial Section**





## **PORT CREATES STRONG ECONOMIC IMPACT**

Imagine a local industry that generates \$11.3 billion in total state spending, an amount equal to the entire Louisiana state budget. The industry employs 24,740 people and creates tax revenues of \$130 million. Look no further than the banks of the Mississippi to find this thriving industry — the Port of Greater Baton Rouge has once again demonstrated its economic prowess.

The Economic Impact Study Update 1995 performed by the LSU National Ports and Waterways Institute and released in the fall of 1997, reveals that increased tonnage through the port's publicly-owned facilities during the past few years has generated a positive economic climate throughout the state.

**Total spending impact increased 25%**

**Total jobs increased 31%**

**Total payroll increased 57%**

**Tax revenues increased 38%**

The study concluded that employment from port activities reflects notably within the four-parish area. At the port's public facilities, a total of 4,468 jobs in the state generated a payroll of \$119 million, while 80% of those jobs (3,604) were located within the four-parish area of East and West Baton Rouge, Iberville and Ascension. These jobs accounted for 90% of the total payroll, or \$107 million. Approximately 35% of the jobs were created by port user industries and 24% by the port industries.

The study indicated total spending impacts from all (public and private) port facilities is estimated to be \$11.3 billion, \$9.0 billion of which is concentrated in the four-parish area. The tax impact generated from port activities include:

- \$130 million as total state and local tax revenues
- \$104 million of total tax revenues was within the four-parish area
- \$74 million was attributed to state taxes and \$44 million as local taxes

Also at the port's public facilities, port activities generated:

- \$725 million in total state spending
- \$580 million in spending in the four-parish area
- \$17 million of tax impacts with \$13 million of this (over 80%) added into the local tax base in the four-parish area

The 85-mile stretch of the river from 253 to 168 AHP with accessibility to ocean shipping and inland barge transportation has evolved, over time, to be a large industrial complex consisting of highly productive industries. Its contribution to regional output and earnings is quite evident from the identified economic impacts. The industries engaged in port-related activities remain collectively the largest employer in the four-parish area.

The public Port of Greater Baton Rouge plays a vital role in the process by generating economic impacts from its own port operations, as well as by leasing port facilities for private sector operations. The updated version of the economic impact study originally done in 1991 proved that the Port of Greater Baton Rouge continues to be a driving force of the area's economy.

# The Greater Baton Rouge Port Commission

(A Political Subdivision of the State of Louisiana)

## Commissioners

Larry Johnson, President  
Lynn Robertson, Vice President  
Alvin L. Dragg, Secretary  
H. M. Kimball, Jr., Treasurer

Lorri A. Burgess  
Charles D'Agostino  
Maurice Gautreau  
Calvin Ishmael  
Sandra Ribes  
Boyd Robert

Henry Scott  
Lucille Smith  
Robert Wales  
Stephen Wallace  
Larry Woods

## Directors

Gary K. Pruitt  
Executive Director

Wesley H. Knox  
Director of Trade Development

Richard G. Savoy, Sr.  
Director of Terminal Operations

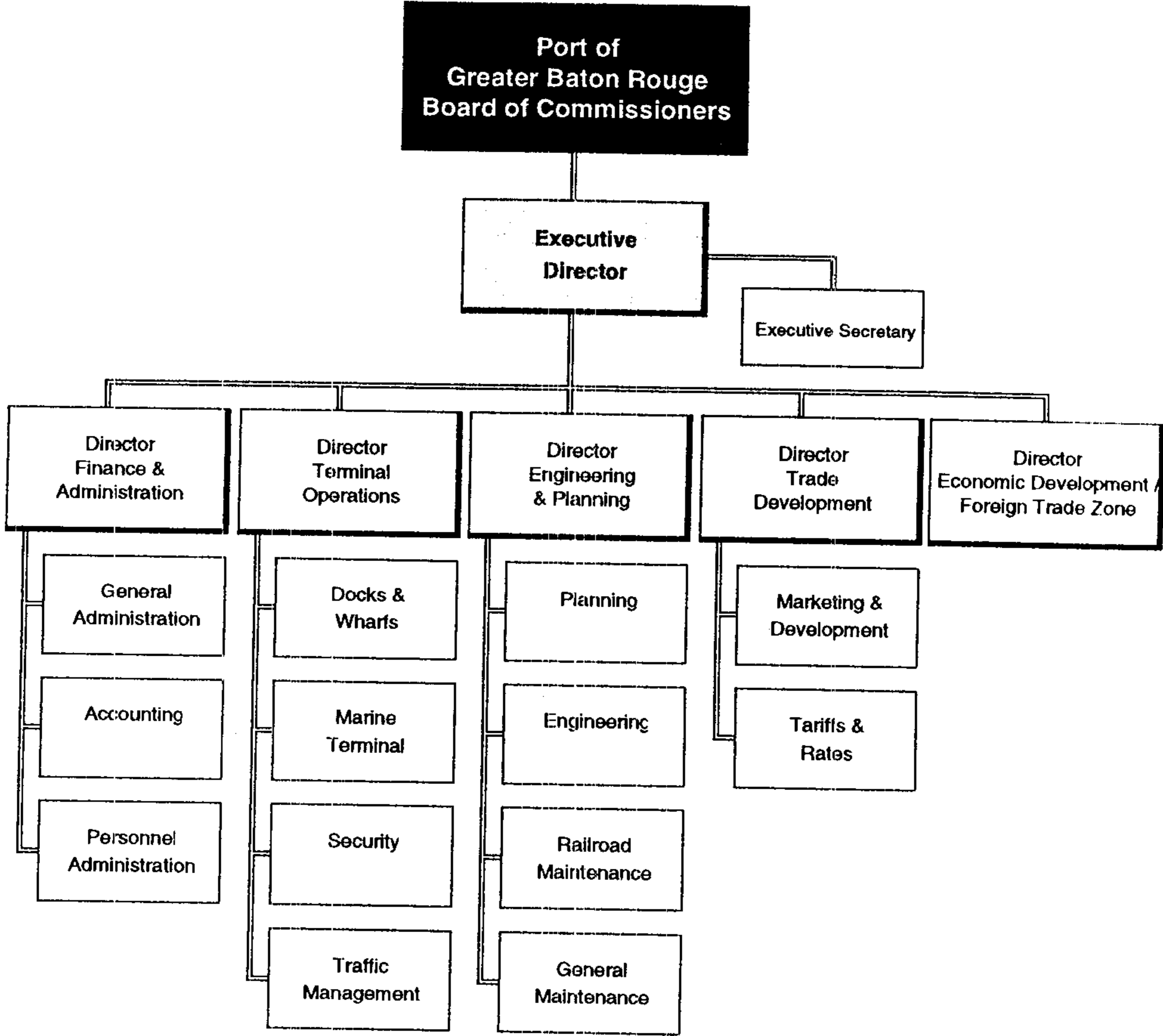
Alfred D. Starns  
Director of  
Finance & Administration

Karen K. St. Cyr  
Director of Economic Development/  
Foreign Trade Zone

Director of Planning & Development  
(Vacant)



# ORGANIZATIONAL CHART



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Greater Baton Rouge Port  
Commission, Louisiana

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
October 31, 1996

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda K. Savitsky*  
President

*Jeffrey L. Esler*  
Executive Director

## AWARDS

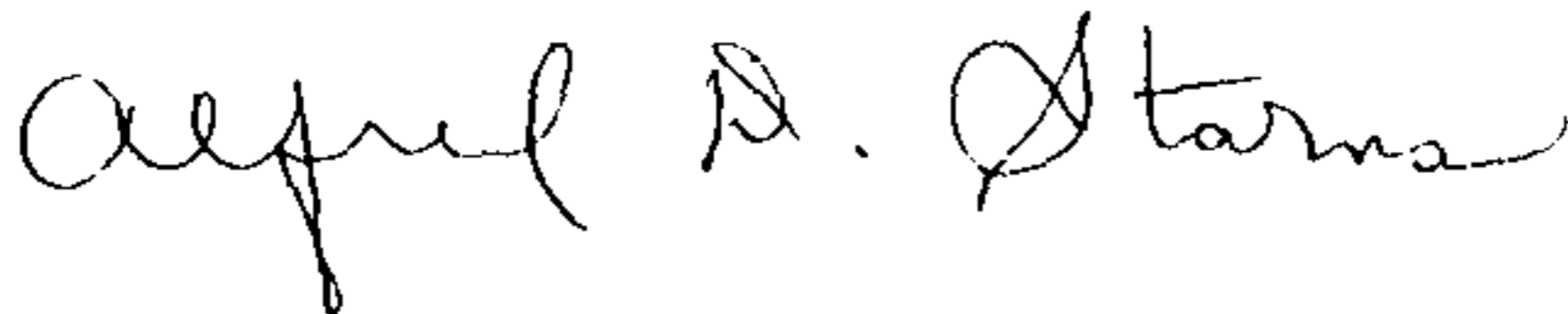
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Port Commission for its comprehensive annual financial report for the year ended October 31, 1996. This was the third consecutive year the Port Commission received this prestigious award. To be awarded a Certificate of Achievement, the Port Commission published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

## ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the efficient and dedicated efforts of the staff of the finance/administration department, support of the executive department and the personnel of the Legislative Auditor's Office. Special recognition is given to Linda Chapman, Administrative Specialist; Marlene Sharon, Accountant Administrator; and Jatis Harrington, Accountant, for their extraordinary efforts.

Respectfully submitted,



Alfred D. Stams  
Director Finance and Administration

The Commission incurred debt in the amount of \$1,000,000 by issuing certificates of indebtedness on July 14, 1997. The certificates are limited obligations of the Port Commission and are payable solely from excess revenues.

The proceeds were to be used to fund the demolition and reconstruction of the concrete dock loading pad and retaining wall at the Inland Rivers Marine Terminal Facility.

### **CASH MANAGEMENT**

Existing Louisiana state statutes provide the Greater Baton Rouge Port Commission with legal authority to promulgate and implement reasonable standards for its cash management and investment operations. Subsequently in 1993 the Commission adopted a Statement of Investment and Cash Management Guidelines and Procedures.

The purpose of this statement is to identify policies and procedures that provide for a prudent and systematic approach to the investment and cash management activities of the Commission, including the active management of the Commission's longer term portfolios and cash management, projections of cash flow, control of disbursements and cost effective services from bank and financial services institutions.

### **RISK MANAGEMENT**

The Greater Baton Rouge Port Commission is constantly reviewing its property and liability coverage and is cooperating with its insurance underwriters in a program of risk reduction. The Commission requires its leasees and subcontractors to provide comprehensive coverage of all areas of risk inclusive of worker's compensation insurance. In addition, the Commission offers employee safety education programs to reduce claims for Worker's Compensation.

Programs for employee health and life insurance are provided through the State of Louisiana. The state provides life and health coverage to its employees, their dependents and retirees. The Commission pays up to 50% of costs for each eligible employee or retiree. Other supplemental insurances are available to employees. These coverages are optional and are paid entirely by the individuals.

### **INDEPENDENT AUDIT**

State statutes require an annual audit by either an independent certified public accountant or the Legislative Auditor. The Louisiana Legislative Auditor elected to perform the audit for the years 1996-1998. The auditor's report on the component unit financial statements is included in the financial section of this report.

## **INTERNAL CONTROLS**

The management of the Commission is responsible for establishing and maintaining internal controls over its operations. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of internal controls are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that the costs of a control should not exceed the benefits likely to be derived and that the evaluation of the costs and benefits requires estimates and judgments by management.

## **BUDGETARY CONTROL**

The Commission staff prepares an annual Operations and Maintenance budget which is based on that which is expected to be collected during the fiscal year and it is approved by the Board of Commissioners. The adopted budget constitutes the authority of the Commission to incur liabilities and authorize expenditures from the respective budgeted funds.

In addition, certain expenses for the maintenance of existing facilities and new construction are approved monthly by the Commission before payment from the general fund account.

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

## **DEBT ADMINISTRATION**

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

The Commission has one bond issue outstanding in the amount of \$2,515,000. The bonds are general obligations of the State of Louisiana and are secured by the irrevocable pledge of the full faith and credit of the State of Louisiana and the parishes of East Baton Rouge, West Baton Rouge, Iberville and Ascension.

The proceeds of these issues were used for capital improvements. All bonds are payable from gross revenues derived from the operations of port facilities. The mortgage indentures require certain amounts to be transferred at periodic intervals and carried in restricted asset accounts.



## **FINANCIAL CONDITION**

As demonstrated by the statements and schedules included in the financial section of this report, the Commission continues to be in sound financial condition. Even so, there will be emphasis toward future financial improvement.

## **REPORTING ENTITY**

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

## **FINANCIAL REPORTING**

The financial statements of the Commission have been prepared in accordance with generally accepted accounting principles applicable to governments and to the guidelines set forth in the industry audit guide, *Audits of State and Local Governmental Units*.

The Commission is a component unit of the State of Louisiana and includes only the financial information of this component unit.

## **FUND DESCRIPTION**

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



## ECONOMIC OUTLOOK

The 1997 fiscal year was good with respect to cargo movement and revenue generated at port facilities. General Cargo movement was up marginally from 1996 and each of the Bulk handling facilities, with the exception of the Grain Elevator, showed increases over the previous year. The exception at the Grain Elevator was caused by a substantial amount of down-time because of major renovations on the dock and conveyor structures. Tonnage records indicate an overall increase of 13.1% at port owned facilities, totaling 7,510,374 short tons for the year. The 1997 operating revenue, \$4,041,845, was almost identical to that of 1996, \$4,043,939.

Cargo movement for the 1998 fiscal year is expected to remain strong because of various reasons. The local, regional, state and national economies are in a sustained growth pattern, which we expect to last in excess of the year; there continues to be a demand for goods produced in the United States from emerging markets such as Central and South America; Asia remains a good market in spite of economic turmoil in Korea, and recent dollar gains against the Japanese yen and environmental concerns from timber cutting in the Northwestern United States should continue to drive the export of forest products from the Southeastern United States, including Louisiana, Mississippi and Arkansas. In that Asian and European forest products markets are major users of our port, we expect their business to continue this year and well into the future.

## MAJOR INITIATIVES

Since 1990, major emphasis has been placed on continued improvement and development of port facilities. As such, project planning and development has become an integral function of port staff. In 1997, funding was granted for the construction of a new 60,000 square foot transit shed at the General Cargo Dock with an estimated cost of \$5,933,200. Likewise, funding was approved for a new 20,000 square foot transit shed at the Inland Rivers Marine Terminal for an estimated \$1,122,000. At mid year, approval was granted by the Board for emergency funding of the failed Inland Rivers Marine Terminal concrete loading pad and plans for demolition and reconstruction were developed. Demolition of the structure was completed by year end and bids for reconstruction were scheduled for January of 1998. Cost of redeveloping the facility is estimated to be in the range of \$1,200,000.

During the year, project applications for 1998-99 were submitted to the state's Port Construction and Development Priority and Capital Outlay programs for major repair and renovation of the General Cargo Dock fender system and the Grain Elevator storage tanks.

Also, the Board elected to conduct a search for the replacement of the current Executive Director after he announced he will retire June 30, 1998. Selection of his replacement was scheduled to occur in January of 1998.



P.O. Box 380 Port Allen, LA 70767-0380 (504) 342-1660  
FAX # (504) 342-1666

January 30, 1998

Board of Commissioners and Executive Director  
Greater Baton Rouge Port Commission  
Port Allen, Louisiana

The Comprehensive Annual Financial Report of the Greater Baton Rouge Port Commission (the Commission), for the year ended October 31, 1997, as prepared by the Finance Department, is hereby submitted for your review. This report was processed under the guidance of the Executive Director by the staffs of the Administration and Finance and Sales and Marketing departments. Responsibility for the completeness, accuracy and fairness of the presentation rests with the Finance Director and support staff.

To the best of our knowledge, all data is accurate with regard to all material aspects and is reported in a manner that is designed to fairly present the financial position of the Commission. Disclosures necessary to enable the reader to understand the Commission's financial activities have been included.

### ORGANIZATION AND CONTENT

This Comprehensive Annual Financial Report has been prepared in accordance with guidelines recommended by the Governmental Accounting Standards Board and the Government Finance Officers Association. It consists of three sections:

1. **Introductory Section** - This section includes the Executive Director's message, this letter of transmittal, a copy of the 1996 Certificate of Achievement Award, an organizational chart, a list of Commissioners and Directors, and an economic impact page.
2. **Financial Section** - This section includes the auditor's report, the audited financial statements, including notes to the statements, and supplementary information.
3. **Statistical Section** - This section contains information relative to the types of cargo handled and corresponding tonnages at port owned facilities for the fiscal period ended October 31, 1997, as well as the previous four year periods and a revenue and expense comparison for ten years.



P.O. Box 380 Port Allen, LA 70767-0380 (504) 342-1660  
FAX # (504) 342-1666

January 30, 1998

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

Operating revenues in 1996-97 were nearly identical to 1995-96. However, expenses were trimmed by \$208,000 and non-operating revenues increased by \$16,000 which accounted for a reduction in our net loss from the previous year of \$224,000. This reduction, coupled with a positive cash flow in excess of \$1.1 million, should be considered as a successful financial year.

Tonnage wise, cargo moving over port-owned facilities exceeded the previous year by 871,127 tons--an increase of 13.1%. This was a complete reversal from last year when tonnage decreased by 292,051 tons. Every port facility recorded increases except the public grain elevator, which was closed for a good portion of the year for renovations. Also, activities at the Inland River Marine Terminal were severely limited because of a structural failure.

As always, all financial obligations of the port were met including the servicing of outstanding debt. In addition, the positive cash flow will provide funding to increase dredging and insurance reserves, purchase needed equipment, and make minor capital improvements.

Even though this year should be considered successful, plans must be made to meet challenges of the future. Additional sources of revenue must be found to acquire property for expansion, for capital improvements, and to provide matching funds for state-sponsored programs. Competition within Louisiana for funding for infrastructure and facility construction and improvements and competition among Gulf ports for limited cargo is ever increasing. These problems must be addressed and long-term plans must be made for the future.

If additional sources of revenue can be found, whether it be from outside sources, increased port activity or attraction of new tenants or port users, the Port of Greater Baton Rouge has a bright future and will have a very positive impact on the area economy. If such revenues are not made available, the port will survive, but it will not grow and will never reach its full potential. The Port of Greater Baton Rouge is a great port, strategically located with excellent customers and users and should be allowed to flourish.

Sincerely,

Gary K. Raultt  
Executive Director