

GREATER BATON ROUGE PORT COMMISSION

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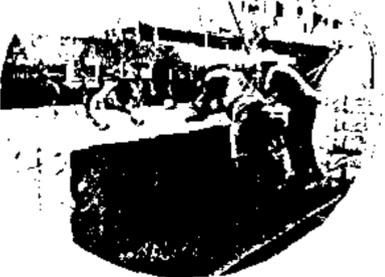
OCTOBER 31, 1999

COMPREHENSIVE ANNUAL
FINANCIAL REPORT



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A COMPONENT UNIT OF
THE STATE OF LOUISIANA



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COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE

GREATER BATON ROUGE PORT COMMISSION

POST OFFICE BOX 380, PORT ALLEN, LOUISIANA 70767



ROGER RICHARD
PORT COMMISSION
EXECUTIVE DIRECTOR

A COMPONENT UNIT OF THE STATE OF LOUISIANA
FOR THE YEAR ENDED OCTOBER 31, 1999



ALVIN DRAGG
PORT COMMISSION
PRESIDENT



**PORT OF GREATER
BATON ROUGE**

PREPARED BY THE DEPARTMENT OF FINANCE AND ADMINISTRATION

ALFRED STARNES, DIRECTOR OF ADMINISTRATION/FINANCE

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAR 08 2000

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PORT OF GREATER BATON ROUGE

Post Office Box 380 • Port Allen, Louisiana 70767-0380 • Phone (225) 342-1660 • Fax (225) 342-1666 • www.portgbr.com

February 29, 2000

Board of Commissioners
Port of Greater Baton Rouge
Port Allen, Louisiana 70767

Dear Commissioners:

The pre-millennium year of 1999 was as eventful and exciting a year as any in the previous decade. With your overwhelming support, many changes were proposed and implemented during the course of the year, which will create a significant impact on the future direction and financial well being of our fine port.

With 1999 being my first full year as executive director, I diligently sought to present and promote a positive image of our port to the public and surrounding business community. My message was clear and simple – the port is willing and available to assist and promote economic development activity, which will bolster the state and local economies. During this time, your staff was making every effort to improve operating performance at our publicly owned and operated facilities while providing increased support to the port tenants, our local business partners.

With regard to finances, moderate improvement was made in operating results over the previous year. Operating revenue decreased by 1.6% to \$3,621,039, compared to \$3,683,374 in 1998. Operating expense decreased by 7.6% to \$4,403,066, compared to \$4,768,265 in the previous year. These combined results indicate an operating improvement of nearly \$303,000 over the previous period. Non-operating results were much more impressive and signify a major turn in the overall financial condition of the port. Non-operating revenue increased from \$216,799 in 1998 to \$8,592,533 in 1999. The sale of the port's bulk loading facility for \$6,000,000 in cash and income from the related lease termination agreement, with a present value of \$2,638,169, represent a vast majority of the increase. The financial statements report net income of \$7,810,506 in 1999, compared to a net loss of (\$868,092) in 1998. As such, the port has attained a sound cash position, which can be utilized for continued capital expansion.

Other important accomplishments for 1999 included:

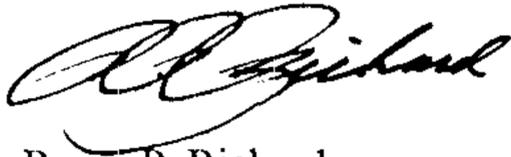
- Issuance of \$9,000,000 in bonds to refinance existing debt and provide funds for capital improvement projects.
- Addition of a new marketing department staff member.
- Signing of a lease with a major new tenant for a rice packaging and distribution operation at the general cargo docks.

- Negotiated settlement of a claim for major damage to our barge loading facility.
- Acquisition of 30 acres of additional waterfront property adjacent to the barge facility.
- Signing of a new lease for tenant operation of the new barge loading facility.
- Construction of an additional 60,000 sq. ft. of transit shed space at the general cargo docks.

In addition to these accomplishments, there are numerous signs of a healthy economy in the Greater Baton Rouge metropolitan and surrounding areas. We continue to see growth in the retail sector, steady industrial expansion, a strong agricultural community, growth in higher education, and a vibrant state government. The port plays an important role in support of nearly every segment of our economy. You can be assured that your staff will continue to move the port toward a closer partnership with our business community and to maintain a positive role in promoting the economic well being of the citizens within our jurisdiction.

I look forward to working with you as we transition the Greater Baton Rouge Port Commission into a new millennium. The direction in which we go is certain to be filled with opportunities, challenges, and rewards.

Sincerely,



Roger P. Richard
Executive Director



PORT OF GREATER BATON ROUGE

Post Office Box 380 • Port Allen, Louisiana 70767-0380 • Phone (225) 342-1660 • Fax (225) 342-1666 • www.portgbr.com

February 29, 2000

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, 1999, 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 four sections:

1. **Introductory Section** - This section includes the Executive Director's message, this letter of transmittal, a copy of the 1998 Certificate of Achievement Award, an organizational chart, a list of Commissioners and Directors, and a 1998-99 Highlight 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, 1999, as well as the previous four year periods and a revenue and expense comparison for ten years.

4. **Compliance Section** – This section includes the auditor’s report on compliance and on internal control over financial reporting, based on their audit of the financial statements.

ECONOMIC OUTLOOK

The 1999 fiscal year produced mixed results with regard to overall cargo movement and revenue generated. Import/export tonnage was down at all but two of our operating facilities, resulting in a net tonnage decrease of 16.1%. Fortunately, there was strong demand from the chemical manufacturing industry for space to warehouse their products. Port staff was quick to capitalize on this need by leasing our excess storage capacity to warehouse operating companies. This action, coupled with other new lease agreements, resulted in a 2.2% increase in operating revenue for the year. Import/export tonnage decreased, yet operating revenue increased.

General cargo movement for the ensuing fiscal year is expected to be above that of 1999. However, the forest products market continues to be comparatively weak and the export of steel pipe is not a certainty. We anticipate increased movement of agricultural products, the import of ores, transshipment of project cargo and other new domestic cargo. Further, we believe that local demand for warehousing operations will remain strong and allow us to continue to meet the needs of the chemical industry. This will help to reduce the negative impact of a sustained decline in forest product exports. Diversification of revenue sources continues to be a major objective of staff. We will maintain our efforts to achieve this and other revenue enhancing measures.

MAJOR INITIATIVES

June 30, 1999, marked the one year anniversary of executive director, Roger P. Richard. Under his leadership, existing debt was refinanced and additional funds for maintenance and capital improvement projects were secured through the issuance of \$9,000,000.00 in new bonds. The reconstruction of the Inland Rivers Marine Terminal dock was completed, as was construction of an additional 60,000 square feet of transit shed space at the General Cargo Docks. Also, matching funds were obtained from the state Capital Outlay program for continued improvements at the Public Grain Elevator. For the first time in a decade, additional land was purchased for future growth and development. The property consists of thirty acres of waterfront property adjacent to our new barge loading facility. Concurrently, a lease was negotiated for the private operation of the barge terminal, which marked a paradigm shift in the business philosophy for this facility. Additionally, two new infrastructure projects were submitted for funding through the state’s Port Construction and Development Priority Program. Another major financial decision was made when the commission followed a staff recommendation to sell the

port's bulk loading terminal. The sale provided an immediate increase in cash of \$6,000,000 and will allow for future capital development and improvement projects.

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.

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.

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 that is based on expected collections and expenditures, for the fiscal year. The Board of Commissioners approves and adopts the budget, which constitutes the authority of the Commission to incur liabilities and authorize projected expenditures from the respective budgeted categories.

In addition, the Commission approves certain expenses from the general fund account for maintenance of existing facilities and for new construction, on an as needed basis

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 of up to \$100,000,000 evidenced by negotiable bonds or notes.

In March of 1999, the Commission issued Series 1999A and 1999B bonds in the amounts of \$5,700,000 and \$3,300,000 respectively. The bonds are limited and special obligations payable solely from lawfully available funds and certain funds held by the Trustee pursuant to the Trust Indenture. No other assets are available for payment of the principal of, or interest on, the Bonds.

The 1999A bonds were issued to refund certain Prior Bonds and to pay the costs of certain private activity projects. The 1999B bonds will pay for costs of certain governmental projects and costs of issuance of the Bonds.

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 for 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 75% of costs for each eligible employee or retiree who participates in the program. Other supplemental insurances are available to employees. These coverage's are optional and are paid entirely by the individuals electing to carry them.

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 contract this service to the independent CPA firm, Hannis T. Bourgeois, LLP, for the audit years 1999-2001. The auditor's report on the component unit financial statements is included in the financial section of this report.

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, 1998. This was the fifth 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 firm, Hannis T. Bourgeois, LLP. Special recognition is given to Linda Chapman, Administrative Specialist and Brad Stueber, Accountant Administrator, for their extraordinary efforts.

Respectfully submitted,



Alfred D. Starns
Director Finance and Administration

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, 1998

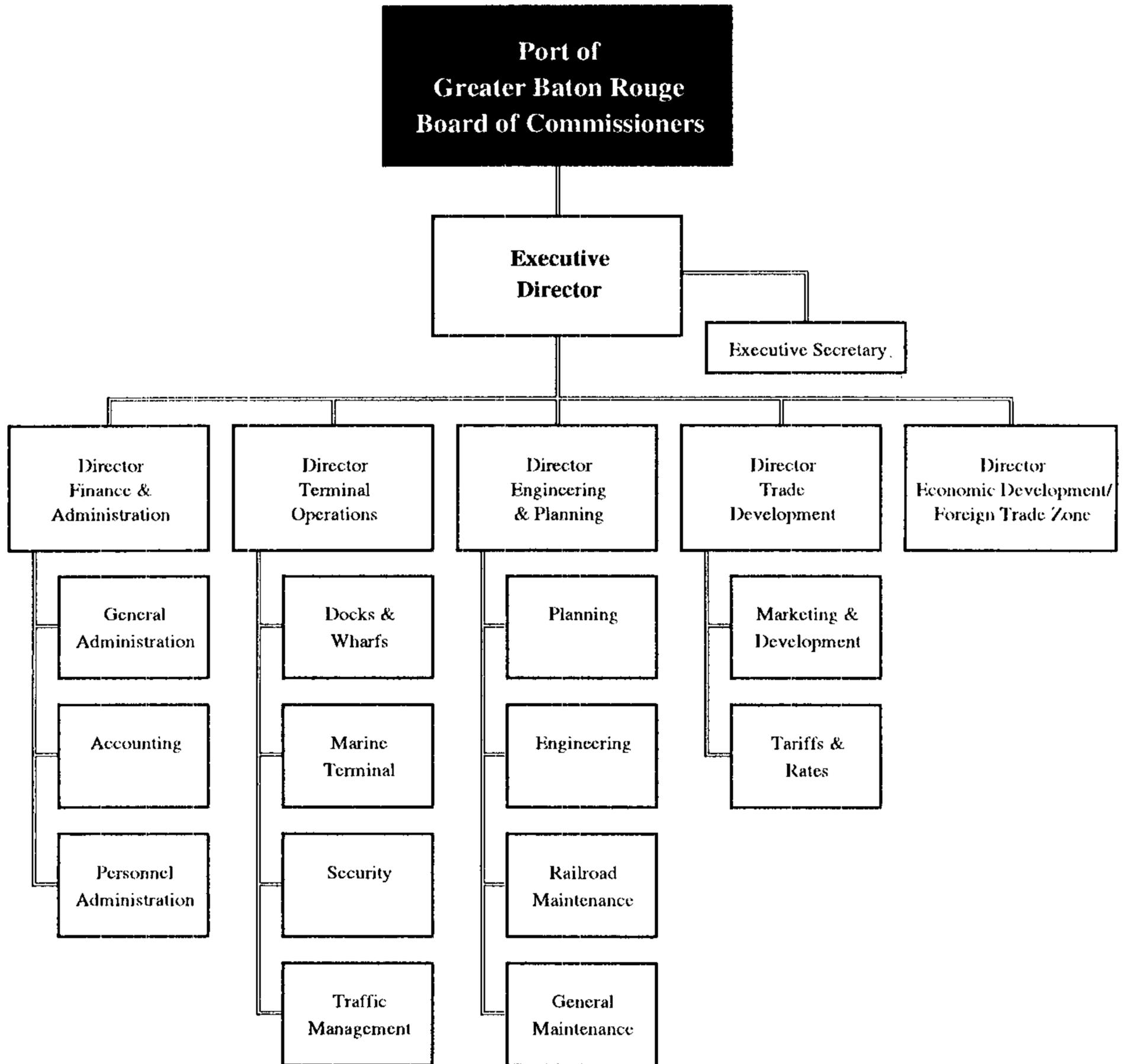
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



Cary Brubaker
President

Jeffrey L. Esser
Executive Director

ORGANIZATIONAL CHART



**The
Greater Baton Rouge Port Commission**

(A Political Subdivision of the State of Louisiana)

Commissioners

Alvin L. Dragg, President
Charles D'Agostino, Vice President
H. M. Kimball, Jr., Secretary
Larry Johnson, Treasurer

Lorri A. Burgess	Stephen Wallace
John R. Brian	Larry Woods
Calvin Ishmael	Sandra Ribes
Henry Scott	Marilyn B. Robertson
Lucille Smith	Donald Schexnayder
Robert Wales	

Directors

Roger P. Richard
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
Foreign Trade Zone

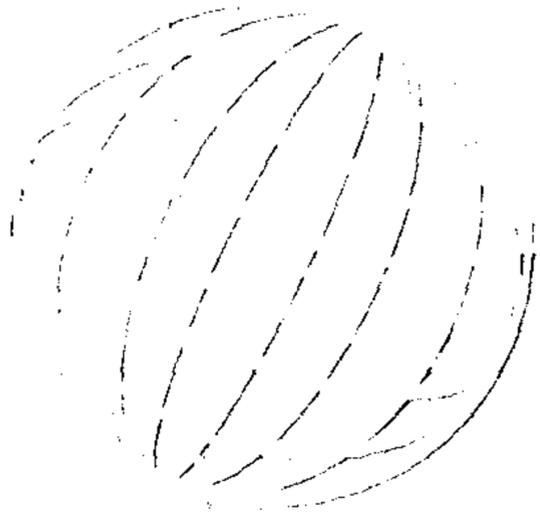
David A. Beck, P.E.
Director of Engineering & Planning

Greater Baton Rouge Port Commission 1998-99 Highlights

- The Port of Greater Baton Rouge has demonstrated an ongoing commitment to showing leadership in the community in 1999 through participation in a variety of programs and activities. It's "Port Partners Program," and the onsite WeatherNet system which airs biweekly on WBRZ Channel 2 enable the port to join forces with the greater Baton Rouge businesses and community-related organizations. The port sponsored "Old Man River Boat Parade" on the Mississippi River to join the community celebration of Bonne' Fete for Baton Rouge's 300th birthday celebration. The port hosted tours for over 1000 visitors from seven continents and including nearly 900 local school children.
- the \$2.5 million facility at Inland Rivers Terminal was completed and a five-year lease was signed with Associated Terminals LLC, a transloading company. The intermodal terminal is on a barge canal off the Intracoastal Waterway on 60 acres of port property southwest of the main port facility. The facility includes a 21,500-square-foot warehouse, a 90-ton crane, a truck-loading chute and a roll on/roll off ramp.
- La Grain International moved to the port to operate their new rice processing facility at the dock. This provides a new outlet for South Louisiana rice farmers for their products. La Grain projects the creation of 36 full-time jobs with an annual payroll of \$1.7 million.
- Several improvements and expansion projects were completed. 60,000 square feet of warehouse space at Transit Shed #3 Addition was completed at a cost of \$5.5 million dollars. \$1.6 million has been invested in the rehabilitation of the dock fendering system, which protects the dock structure from damage during the berthing of ships. The port spent \$576,000 for repairs to the fire prevention sprinkler system at the general cargo docks. \$900,000 was spent for painting structural steel on the grain dock and was paid for with a 50 percent match from the state Capital Outlay funds.
- Future projects for the year 2000 will include the addition of a rail spur at the Inland Rivers Marine Terminal, the upgrading of Ernest Wilson Drive through the main port property with new roads and improvements to drainage and security, and additional repairs to the general cargo docks structure and existing sprinkler system.
- The Port of Greater Baton Rouge welcomed Jonathan Daniels to its staff to assume the responsibilities of the newly created position of assistant director of trade development. His responsibilities include implementation of the port's marketing program and development of a diversified customer base, as well as new trade opportunities.

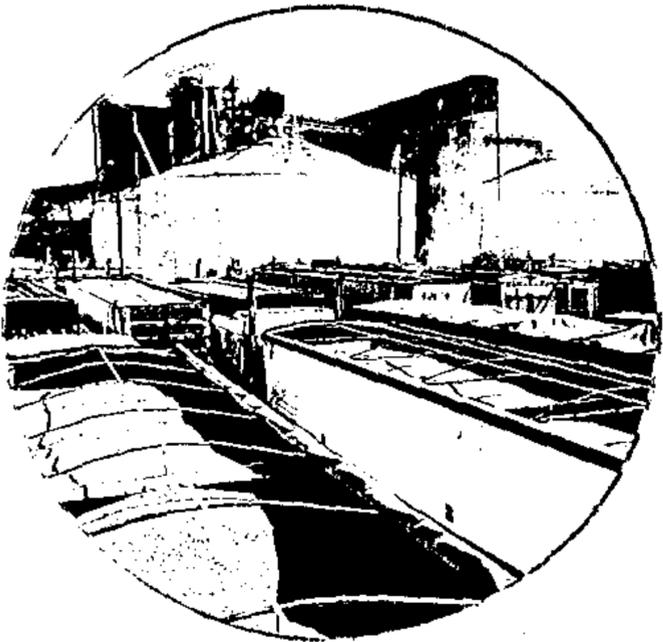
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FINANCIAL SECTION

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Hannis T. Bourgeois, L.L.P.

Certified Public Accountants

Randy J. Bonneau, CPA*
Joseph D. Richard, Jr., CPA*
Ronnie L. Stamper, CPA*
Fernand P. Genre, CPA*
Stephen M. Huggins, CPA*
Monica L. Zumo, CPA*
Ronald L. Gagnet, CPA*
Douglas J. Nelson, CPA*
Celeste D. Viator, CPA*
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1111 S. Range Avenue, Suite 16,
Denham Springs, LA 70726

*A Professional Accounting Corporation

December 30, 1999

Independent Auditor's Report

**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 year ended October 31, 1999, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of management of the Greater Baton Rouge Port Commission. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. The financial statements of the Greater Baton Rouge Port Commission as of and for the year ended October 31, 1998, were audited by other auditors whose report dated January 19, 1999, expressed an unqualified opinion on those statements.

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. 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 audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements present fairly, in all material respects, the financial position of the Greater Baton Rouge Port Commission, as of October 31, 1999, and the results of its operations and its cash flows of its enterprise fund for the year then ended, in conformity with generally accepted accounting principles.

The Year 2000 supplementary information on pages 34-35 is not a required part of the general purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the unprecedented nature of the Year 2000 issue and its effects, and the fact that authoritative measurement criteria regarding the status of remediation efforts have not been established. In addition, we do not provide assurance that the Greater Baton Rouge Port Commission is or will become Year 2000 Compliant, that the Greater Baton Rouge Port Commission's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Greater Baton Rouge Port Commission does business are or will become Year 2000 compliant.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 30, 1999, 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, regulations, and contracts.

Our audit was 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, which in so far as it relates to the financial information of October 31, 1998, is based on the opinion of other auditors, such information 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,

Hannis T. Bourgeois, LLP

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**Greater Baton Rouge Port Commission
State of Louisiana**

BALANCE SHEETS

as of October 31, 1999 and 1998

	1999	1998
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 2,342	\$ 300,804
Investments	10,294,953	4,221,240
Receivables:		
Trade Accounts (Net of Allowance for Uncollectible Accounts of \$131 in 1999 and 1998)	606,916	635,416
Due From Other Governments	674,020	799,345
Other Receivables	32,007	32,007
Accrued Interest Receivable	131,670	30,172
Contract Receivable – Current	202,885	-
Prepaid Expenses	<u>88,841</u>	<u>96,874</u>
Total Current Assets - Unrestricted	12,033,634	6,115,858
Restricted Assets:		
Cash and Cash Equivalents	835,329	1,196,368
Investments	5,597,827	-
Accrued Interest Receivable	<u>11,470</u>	<u>-</u>
Total Restricted Assets	6,444,626	1,196,368
Property and Equipment:		
Land	3,742,143	3,329,269
Railroad Tracks and Yards	2,467,928	2,467,928
Roadways and Structures	2,834,893	1,414,591
Buildings and Structures	53,892,345	60,775,504
Equipment	3,943,793	9,597,671
Office Furniture and Fixtures	405,818	414,062
Transportation Equipment	142,216	148,560
Other Construction In-Progress	<u>6,996,222</u>	<u>6,440,389</u>
Total Property and Equipment	74,425,358	84,587,974
Less - Accumulated Depreciation	<u>(36,573,988)</u>	<u>(51,017,356)</u>
Net Property and Equipment	37,851,370	33,570,618
Other Assets:		
Contract Receivable – Net of Current Portion	2,435,284	-
Unamortized Debt Issue Costs	<u>308,173</u>	<u>7,994</u>
Total Assets	<u>\$ 59,073,087</u>	<u>\$ 40,890,838</u>

The accompanying notes are an integral part of this statement.

Statement A
(Continued)

LIABILITIES AND FUND EQUITY

	<u>1999</u>	<u>1998</u>
Current Liabilities:		
Payable from Unrestricted Assets:		
Accounts Payable	\$ 393,375	\$ 265,328
Accrued Annual Leave	147,310	127,031
Construction Contracts Payable	569,246	976,590
Other Accrued Liabilities	105,327	94,142
Rentals Received in Advance	<u>358,674</u>	<u>300,434</u>
Total Current Liabilities-Payable from Unrestricted Assets	1,573,932	1,763,525
Payable from Restricted Assets:		
Bonds Payable -- Current Portion	260,000	400,000
Accrued Bond Interest	88,460	54,575
Unredeemed Bonds and Coupons	<u>835,329</u>	<u>55,099</u>
Total Current Liabilities-Payable from Restricted Assets	1,183,789	509,674
Long-Term Liabilities:		
Long-term Debt	8,911,826	2,730,118
Deferred Amount on Refunding	<u>(34,964)</u>	<u>-</u>
Total Long-Term Liabilities	<u>8,876,862</u>	<u>2,730,118</u>
Total Liabilities	11,634,583	5,003,317
Equity:		
Contributed Capital	23,843,908	20,103,431
Retained Earnings:		
Reserved for Bond Retirement and Debt Service	471,015	445,583
Unreserved	<u>23,123,581</u>	<u>15,338,507</u>
Total Retained Earnings	23,594,596	15,784,090
Total Equity	<u>47,438,504</u>	<u>35,887,521</u>
Total Liabilities and Equity	<u>\$59,073,087</u>	<u>\$40,890,838</u>

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Statement B

Greater Baton Rouge Port Commission
State of Louisiana

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS

For the years ended October 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Operating Revenues:		
Dockage and Wharfage	\$ 1,367,474	\$ 1,659,264
Rentals	1,347,279	986,168
Freight Handling	20,887	87,691
Storage	49,636	83,380
Other	<u>835,763</u>	<u>866,871</u>
Total Operating Revenues	3,621,039	3,683,374
Operating Expenses:		
Direct	1,552,082	1,957,700
Administrative	1,296,006	1,258,117
Depreciation	<u>1,554,978</u>	<u>1,552,448</u>
Total Operating Expenses	<u>4,403,066</u>	<u>4,768,265</u>
Operating Loss	(782,027)	(1,084,891)
Nonoperating Revenues (Expenses):		
Investment Income	533,011	347,400
Interest Expense	(368,374)	(127,272)
Gain on Sale of Fixed Assets	5,803,079	-
Income from Lease Termination	2,638,169	-
Amortization of Debt Issue, Bond Premium and Deferred Refunding, Net	(11,120)	(1,701)
Trustee's Fees	<u>(2,232)</u>	<u>(1,628)</u>
Total Nonoperating Revenues (Expenses)	<u>8,592,533</u>	<u>216,799</u>
Net Income (Loss) Before Extraordinary Item	7,810,506	(868,092)
Extraordinary Item:		
Loss on Collapse of Dock and Loading Pad	<u>-</u>	<u>(516,242)</u>
Net Income (Loss)	7,810,506	(1,384,334)
Retained Earnings - Beginning of Year	<u>15,784,090</u>	<u>17,168,424</u>
Retained Earnings - End of Year	<u>\$23,594,596</u>	<u>\$15,784,090</u>

The accompanying notes are an integral part of this statement.

**Greater Baton Rouge Port Commission
State of Louisiana**

STATEMENTS OF CASH FLOWS

For the years ended October 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Cash Flows From Operating Activities:		
Operating Loss	\$ (782,027)	\$(1,084,891)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation	1,554,978	1,552,448
Miscellaneous Gain on Capital Assets	-	(5,662)
Provision for Doubtful Accounts	-	(1,252)
Changes in Unrestricted Assets and Liabilities:		
(Increase) Decrease in Trade Accounts Receivable	28,500	43,488
(Increase) Decrease in Due from Other Governments	(205,370)	-
(Increase) Decrease in Other Receivables	-	(1,588)
(Increase) Decrease in Prepaid Expenses	8,033	13,149
(Increase) Decrease in Other Assets	17,253	1,963
Increase (Decrease) in Accounts Payable	128,047	(19,474)
Increase (Decrease) in Accrued Annual Leave	20,279	66,623
Increase (Decrease) in Construction Contracts Payable	(407,344)	457,137
Increase (Decrease) in Other Accrued Liabilities	11,185	(39,761)
Increase (Decrease) in Rentals Received in Advance	58,240	25,305
Changes in Restricted Liabilities – Unredeemed Bonds and Coupons	<u>780,230</u>	<u>4,664</u>
Net Cash Provided by Operating Activities	1,212,004	1,012,149
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(6,035,315)	(4,485,635)
Appropriations from State of Louisiana	4,071,172	2,482,569
Appropriations from Other Entities	-	4,800
Proceeds from Sale of Bonds	9,176,989	-
Bond Issue Costs	(317,432)	-
Principal Payments on General Obligation Bonds	(3,130,000)	(385,000)
Interest Payments on General Obligation Bonds	(336,721)	(128,909)
Proceeds from the Sale of Capital Assets	<u>6,002,664</u>	<u>5,662</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	9,431,357	(2,506,513)

(CONTINUED)

Statement C
(Continued)

	<u>1999</u>	<u>1998</u>
Cash Flows from Investing Activities:		
Purchases of Investments	(22,560,704)	(4,092,937)
Sales and Maturities of Investments	10,824,230	4,850,674
Interest Received on Investments	<u>433,612</u>	<u>337,623</u>
Net Cash Provided by (Used in) Investing Activities	(11,302,862)	1,095,360
Net Increase (Decrease) in Cash and Cash Equivalents	(659,501)	(399,004)
Cash and Cash Equivalents – Beginning of Year	<u>1,497,172</u>	<u>1,896,176</u>
Cash and Cash Equivalents - End of Year	\$ <u>837,671</u>	\$ <u>1,497,172</u>
Cash and Cash Equivalents at End of Year Consist of:		
Unrestricted Cash	\$ 2,342	\$ 300,804
Restricted Cash	<u>835,329</u>	<u>1,196,368</u>
Total	\$ <u>837,671</u>	\$ <u>1,497,172</u>
Schedule of Noncash Investing, Capital and Financing Activities:		
Extraordinary Item – Loss on Collapse of Dock and Loading Pad	\$ <u>-</u>	\$ <u>516,242</u>
Change in Unrealized Gain (Loss) on Investments	\$ <u>(34,621)</u>	\$ <u>10,451</u>
Gain on Sale of Burnside Terminal	\$ <u>5,803,079</u>	\$ <u>-</u>
Income from Lease Termination	\$ <u>2,638,169</u>	\$ <u>-</u>

The accompanying notes are an integral part of this statement.

**Greater Baton Rouge Port Commission
State of Louisiana**

NOTES TO THE FINANCIAL STATEMENTS

October 31, 1999 and 1998

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.

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 certificates of 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. Nonparticipating investment contracts, generally certificates of deposit with a maturity of one year or less, are reported at cost.

Under state law, the Port Commission is authorized to invest funds in direct U.S. Treasury obligations. These investments are U.S. Treasury and other U.S. governmental entities securities with maturities of over one year at the time of purchase. The securities are reported at fair value using current quoted market prices or are assigned a value based on yields currently available on similar securities from the same issuers. 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 state treasurer and organized under the laws of the State of Louisiana, which operates the investment pool. The Port Commission's investment in LAMP is reported at fair value.

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 1962 E Bonds were fully refunded in 1999 and the Series 1999A and 1999B 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 6) is transferred to or from unreserved retained earnings each year.

Lease Revenue Recognition - Lease rentals, as further explained in note 8, 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 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, 1999:

Demand Deposits	\$ 1,842
Trust Accounts	835,329
Petty Cash	<u>500</u>
 Total	 \$ 837,671 <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, 1999, the Port Commission has \$1,093,358 in deposits (collected bank balances). These deposits are secured from risk by \$117,972 of federal deposit insurance (GASB Risk Category 1). In addition, \$975,386 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 fiscal agents and/or their trust departments hold the securities. In accordance with GASB Codification Section I50.126, the investment in LAMP 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. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares, investments are valued at amortized cost. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. In addition, in accordance with GASB Codification, certain mutual funds such as the Federated Treasury Fund, are not categorized because they are not evidenced by securities that exist in physical or book entry form.

	<u>CATEGORY 3</u>	<u>FAIR VALUE</u>
U.S. Government Securities	<u>\$ 8,330,756</u>	\$ 8,330,756
Investments not Subject to Categorization:		
Investment in LAMP		1,964,197
Federated Treasury Fund		<u>5,597,827</u>
 Total Investments		 <u>\$15,892,780</u>
 Classifications on Balance Sheet:		
Unrestricted		\$10,294,953
Restricted		<u>5,597,827</u>
		 <u>\$15,892,780</u>

3. Contract Receivable

Contract Receivable from lease termination (see Note 15) as of October 31, 1999 consisted of the following:

\$3,500,000 Face Amount, Noninterest Bearing, \$350,000 due Annually Through 2009	\$ 3,500,000
Less: Unamortized Discount Based on Imputed Interest of 5.5%	<u>(861,831)</u>
	2,638,169
Less: Current Portion	<u>(202,885)</u>
	<u>\$ 2,435,284</u>

4. 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, 1999 and 1998, the net balance of these accounts was sufficient to meet all requirements.

(CONTINUED)

<u>ACCOUNTS</u>	<u>1999</u>	<u>1998</u>
Debt Service Fund:		
Interest Account	\$ 393	\$ 37,275
Bond Retirement Account	11,743	400,000
Coupon Paying Account	<u>835,329</u>	<u>55,099</u>
Total Debt Service Fund	847,465	492,374
Debt Service Reserve Fund	<u>807,339</u>	<u>462,883</u>
Subtotal	1,654,804	955,257
Certificates of Indebtedness -- Inland Rivers Marine Terminal		
Construction	-	241,111
Construction Fund	4,778,352	-
Accrued Interest Receivable	<u>11,470</u>	<u>-</u>
Total All Funds	<u>\$6,444,626</u>	<u>\$1,196,368</u>

5. 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 Greater Baton Rouge Port Commission's obligations under the Series 1999A and 1999B Bonds are limited and special obligations payable solely from lawfully available funds (as defined in the Commission's Loan Agreement) and certain funds held by the Trustee pursuant to the Trust Indenture pursuant to which Bonds are issued and secured. No other assets are available for payment of the principal of, or interest on, the Bonds.

The Bonds were issued for the purpose of 1) with respect to the proceeds of the Series 1999A Bonds, currently refunding certain Prior Bonds and paying the costs of certain private activity projects, 2) with respect to the proceeds of the Series 1999B Bonds, paying the costs of certain governmental Projects, and 3) paying the costs of issuance of the Bonds.

At October 31, 1999 and 1998, the outstanding indebtedness consisted of the following:

BOND SERIES	MATURING TO	CALL PRICES (%)	INTEREST RATE	PAYABLE AT 10/31/98	1999		PAYABLE AT 10/31/99
					ADDITIONS	REDUCTIONS	
E Certificate of Indebtedness	2002	102.00	3.5%	\$ 2,130,000	\$ -	\$ 2,130,000	\$ -
1999A	2004	NONE	5.2%	1,000,000	-	1,000,000	-
1999B	2019	100 - 102	8% - 5.5%	-	5,700,000	-	5,700,000
Unamortized Premium on Bonds Payable	2019	100 - 102	8% - 5.25%	-	3,300,000	-	3,300,000
				<u>118</u>	<u>176,989</u>	<u>5,281</u>	<u>171,826</u>
				3,130,118	9,176,989	3,135,281	9,171,826
Deferred Amount on Refunding				<u>-</u>	<u>(40,933)</u>	<u>(5,969)</u>	<u>(34,964)</u>
				<u>\$ 3,130,118</u>	<u>\$9,136,056</u>	<u>\$ 3,129,312</u>	9,136,862
Less: Amounts Due Within One Year Payable From Restricted Assets							<u>260,000</u>
Amounts Due After One Year							<u>\$ 8,876,862</u>

BOND SERIES	MATURING TO	CALL PRICES (%)	INTEREST RATE	PAYABLE AT 10/31/97	1998		PAYABLE AT 10/31/98
					ADDITIONS	REDUCTIONS	
E Certificate of Indebtedness	2002	102.00	3.5%	\$ 2,515,000	\$ -	\$ 385,000	\$ 2,130,000
Unamortized Premium on Bond Payable	2004	NONE	5.2%	1,000,000	-	-	1,000,000
				<u>195</u>	<u>-</u>	<u>77</u>	<u>118</u>
				<u>\$ 3,515,195</u>	<u>\$ -</u>	<u>\$ 385,077</u>	3,130,118
Less: Amounts Due Within One Year Payable from Restricted Assets							<u>400,000</u>
Amounts Due After One Year							<u>\$ 2,730,118</u>

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, 1999, and thereafter.

Debt service requirements to maturity, including interest requirements are as follows:

DUE DATE	SERIES 1999A		SERIES 1999B		
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL
9-1-1999	\$ -	\$ 170,280	\$ -	\$ 95,100	\$ 265,380
3-1-2000	165,000	170,280	95,000	95,100	525,380
9-1-2000	-	163,680	-	91,300	254,980
3-1-2001	170,000	163,680	100,000	91,300	524,980
9-1-2001	-	156,880	-	87,300	244,180
3-1-2002	180,000	156,880	105,000	87,300	529,180
9-1-2002	-	149,680	-	83,152	232,832
3-1-2003	190,000	149,680	110,000	83,152	532,832
9-1-2003	-	142,650	-	79,302	221,952
3-1-2004	205,000	142,650	115,000	79,302	541,952
9-1-2004	-	135,475	-	75,421	210,896
3-1-2005	215,000	135,475	125,000	75,421	550,896
9-1-2005	-	128,218	-	71,358	199,576
3-1-2006	225,000	128,218	130,000	71,358	554,576
9-1-2006	-	120,793	-	67,296	188,089
3-1-2007	240,000	120,793	140,000	67,296	568,089
9-1-2007	-	112,993	-	62,921	175,914
3-1-2008	250,000	112,993	145,000	62,921	570,914
9-1-2008	-	104,868	-	58,390	163,258
3-1-2009	265,000	104,868	155,000	58,390	583,258
9-1-2009	-	97,183	-	53,933	151,116
3-1-2010	280,000	97,183	160,000	53,933	591,116
9-1-2010	-	89,903	-	49,933	139,836
3-1-2011	295,000	89,903	170,000	49,933	604,836
9-1-2011	-	82,160	-	45,683	127,843
3-1-2012	310,000	82,160	180,000	45,683	617,843
9-1-2012	-	74,022	-	41,093	115,115
3-1-2013	330,000	74,022	190,000	41,093	635,115
9-1-2013	-	65,277	-	36,225	101,502
3-1-2014	345,000	65,277	200,000	36,225	646,502
9-1-2014	-	55,962	-	30,975	86,937
3-1-2015	365,000	55,962	210,000	30,975	661,937

(CONTINUED)

DUE DATE	SERIES 1999A		SERIES 1999B		
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL
9-1-2015	-	45,925	-	25,462	71,387
3-1-2016	385,000	45,925	225,000	25,462	681,387
9-1-2016	-	35,337	-	19,556	54,893
3-1-2017	405,000	35,337	235,000	19,556	694,893
9-1-2017	-	24,200	-	13,387	37,587
3-1-2018	430,000	24,200	250,000	13,387	717,587
9-1-2018	-	12,375	-	6,825	19,200
3-1-2019	<u>450,000</u>	<u>12,375</u>	<u>260,000</u>	<u>6,825</u>	<u>729,200</u>
	\$5,700,000	\$3,935,722	\$3,300,000	\$2,189,224	\$15,124,946

Current Year Refunding - On March 1, 1999, the Port Commission issued \$5,700,000 Series 1999A Revenue and Refunding Bonds and \$3,300,000 Series 1999B Revenue Bonds. A portion of the proceeds of the Series 1999A Bonds in the amount of \$1,764,600 provided the source of funds to advance refund the 1962 Series E bonds payable in the amount of \$1,730,000 along with a prepayment premium of \$34,600.

In addition, \$1,000,000 of the proceeds of the Series 1999A bonds were used to pay off the outstanding amount of the Excess Revenue Certificates of Indebtedness Series 1997.

Total debt service payments over the next 20 years has been increased by approximately \$1,570,000. The Port Commission will experience an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$46,000.

As a result of the refunding of the Series 1962 Series E Bonds the Port Commission implemented GASB Statement No. 23, "Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities." The refunding resulted in the recognition of a Deferred Amount on Refunding of \$40,933.

The table below outlines the methodology used for calculating the deferral:

Reacquisition Price		\$ 1,764,600
Carrying Amount of Old Bonds	\$1,730,000	
Less: Unamortized Issuance Costs and Unamortized Bond Premium	<u>(6,333)</u>	
Net Carrying Amount of Old Bonds		<u>(1,723,667)</u>
Deferred Amount on Refunding		\$ 40,933

At October 31, 1999, \$5,969 of the Deferred Amount on Refunding was amortized resulting in a net Deferred Amount on Refunding of \$34,964. This unamortized amount is reflected as a reduction of Bonds Payable on the Balance Sheet.

6. Retained Earnings Reserved for Bond Retirement and Debt Service

The gross reserve requirements for the bonds, as described in note 1-E, at October 31, 1999 and 1998, were computed as follows:

<u>Required Reserve</u>	<u>1999</u>	<u>1998</u>
Assets Restricted for Bond Retirement and Debt Service	\$ 1,654,804	\$ 955,257
Less Current Liabilities Payable from Restricted Assets	<u>(1,183,789)</u>	<u>(509,674)</u>
Total Reserve Required	<u>\$ 471,015</u>	<u>\$ 445,583</u>

Reserve Summary

Balance Reserved at Beginning of Year	\$ 445,583	\$ 447,451
Transfer (to) from Unreserved Retained Earnings	<u>25,432</u>	<u>(1,868)</u>
Balance Reserved at End of Year	<u>\$ 471,015</u>	<u>\$ 445,583</u>

7. Contributed Capital

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

	<u>1999</u>	<u>1998</u>
Balance, Beginning of Year	\$20,103,431	\$17,372,863
Additional Contributions	<u>3,740,477</u>	<u>2,730,568</u>
Balance, End of Year	<u>\$23,843,908</u>	<u>\$20,103,431</u>

8. Leases

A grain storage facility, molasses tank farm, 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>1999</u>	<u>1998</u>
Railroad Tracks and Yards	\$ 562,680	\$ 562,680
Roadways and Surface Drainage	271,512	456,296
Buildings and Structures	25,398,243	26,242,629
Equipment	<u>2,256,347</u>	<u>7,682,918</u>
Total Leased Property	28,488,782	34,944,523
Less: Accumulated Depreciation	<u>(20,503,891)</u>	<u>(30,768,366)</u>
Net Leased Property	<u>\$ 7,984,891</u>	<u>\$ 4,176,157</u>
Depreciation Expense	<u>\$ 601,002</u>	<u>\$ 507,844</u>

The following is a schedule by years of future minimum rental payments receivable on noncancelable long-term leases as of October 31:

<u>YEAR ENDED OCTOBER 31,</u>	<u>FUTURE RENTAL REVENUES</u>
2000	\$ 1,361,207
2001	1,180,816
2002	1,116,847
2003	1,037,020
2004	668,335
Later Years	<u>924,152</u>
Total Minimum Future Rentals	<u>\$ 6,288,377</u>

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.

9. Retirement System

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% 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 (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% 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, 1999, decreased to 12.4%, of annual covered payroll from the 13.0%, and 12.4% required in fiscal years ended October 31, 1998 and 1997, respectively. The Port Commission's contributions to the system for the years ending October 31, 1999, 1998, and 1997, were \$150,412, \$141,017, and \$141,972, respectively, equal to the required contributions for each year.

10. 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 25 retirees totaled \$57,632 for the year ended October 31, 1999.

11. Risk Management and Contingent Liabilities

The Port Commission is exposed to various risks of losses related to general liability; theft of, damage to, and destruction of assets; errors and omissions; workers' compensation; employee health and accident; and natural disasters. 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.

Subsequent to the acceptance of the Inland Rivers Marine Terminal in 1996, 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. As discussed in Note 16, subsequent to year-end, the Port Commission has reached a tentative settlement agreement in connection with the Inland Rivers Maine Terminal litigation.

12. Deferred Compensation Plan

Certain employees of the port commission participate in the Louisiana Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to the State of Louisiana Public Employees Deferred Compensation Plan are included in the financial statements of the State of Louisiana.

13. Construction in Progress

As of October 31, 1999, contracts for construction work in progress have been awarded in the amount of \$8,905,503. Approximately \$6,915,000 of the costs have been incurred. The Port Commission has received reimbursement for these projects of \$5,230,330 from the Department of Transportation and Development. The estimated Port Commission liability to complete construction work in progress after maximum reimbursement is approximately \$451,600, plus additional fees for testing and inspection. At October 31, 1999, there are no unawarded contracts.

14. Extraordinary Item

For fiscal year ended October 31, 1998, the extraordinary item of \$516,242 was related to the collapse of the Inland Rivers Marine Terminal dock and loading pad. Certain costs associated with the collapsed dock were initially capitalized and the destroyed assets related to the dock pad were written-off. In the current year, the Port Commission completed reconstruction of the Inland Rivers Marine Terminal dock and loading pad at a cost of \$1,539,320. This amount was capitalized and is recorded in Fixed Assets.

15. Sale of Burnside Terminal and Lease Termination

On May 3, 1999, the Port Commission sold its Burnside Terminal facility to Ormet Primary Aluminum Corporation for a purchase price of \$6,000,000 payable in cash. As a result of this sale, the Port Commission recognized a gain of approximately \$5,803,000 as reflected in these financial statements for the year ended October 31, 1999.

In addition to the above consideration, Ormet will pay the Port Commission annual payments for the next ten years for the cancellation of the existing lease agreement and subsequent release of Ormet from any and all claims which the Port may have relating to the Burnside Terminal facility. This annual payment will be a minimum of \$350,000 ranging to a maximum of \$450,000 based on annual through put tonnage at the facility. At October 31, 1999, the Port has recorded the minimum amount as a receivable relating to this additional consideration. As discussed in Note 3, the present value of this receivable amounted to \$2,638,169 and is recorded as income from lease termination in these financial statements.

16. Subsequent Event

Under the terms of a tentative agreement reached through mediation in December 1999, the Port Commission will receive a settlement in the amount of \$2,000,000 in connection with the litigation involving the collapse of the retaining wall and dock pad at the Inland Rivers Marine Terminal which occurred in 1996.

Required Supplementary Information

**Greater Baton Rouge Port Commission
State of Louisiana**

YEAR 2000 ISSUES

October 31, 1999

The Year 2000 Issue

In October 1998, the Governmental Accounting Standards Board (GASB) issued Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*. The provisions of the GASB technical bulletin, effective for financial statements on which the auditor's report is dated after October 31, 1998, requires the Port to make disclosures about its state of readiness in addressing the Year 2000 issues for its internal computer systems and equipment. On March 29, 1999, GASB issued Technical Bulletin 99-1 which amended the previously issued disclosure requirements allowing for the disclosure to be made in the required supplementary information (RSI). *This disclosure is written pursuant to the Year 2000 Information and Readiness Disclosure Act, Public Law No. 105-271, 112 Stat. 2386 (1998).*

The Year 2000 Issue is the result of shortcomings in electronic data-processing systems and other equipment that may adversely affect operations in the year 1999 and beyond.

The following stages have been identified by the GASB as necessary to implement a Year 2000-compliant system:

Awareness Stage - In this first stage, an organization establishes a budget and project plan (for example, a time line or chart noting major tasks and due date) for dealing with the Year 2000 issue.

Assessment Stage - While in this stage, an organization begins the actual process of identifying all of its systems (preparing an inventory) and individual components of the systems. An organization may decide to review all system components for Year 2000 compliance or, through a risk analysis, identify only mission-critical systems and equipment-systems and equipment critical to conducting operations to check compliance.

Remediation Stage - During this stage, an organization actually makes changes to systems and equipment. This stage involves the technical issues of converting existing systems, or switching to compliant systems. Decisions are made on how to make the system or processes Year 2000 compliant, and the required system changes are made.

(CONTINUED)

**Greater Baton Rouge Port Commission
State of Louisiana**

YEAR 2000 ISSUES -- (CONTINUED)

October 31, 1999

Validation/Testing Stage - At this stage, an organization validates and tests the changes made during the conversion process. The development of test data and test scripts, the running of test scripts, and the review of test results are crucial for this stage of the conversion process to be successful. If the testing results show abnormalities, the tested area needs to be corrected and re-tested.

The Greater Baton Rouge Port Commission is aware of the problems associated with the Year 2000 and have assessed their equipment and software and are in the process of testing their computer system. Management expects to incur no additional expenses relating to Year 2000 Compliance.

Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the Greater Baton Rouge Port Commission is or will be Year 2000 ready, that the Greater Baton Rouge Port Commission's remediation efforts will be successful in whole or in part, or that parties with whom the Greater Baton Rouge Port Commission does business will be Year 2000 ready.

Other Supplementary Information

**Greater Baton Rouge Port Commission
State of Louisiana**

SUPPLEMENTAL INFORMATION SCHEDULES

As of October 31, 1999

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 Without Options

The schedule of future lease rentals revenue indicates the estimated revenues to be received from the leases currently in effect.

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.

(CONTINUED)

**Greater Baton Rouge Port Commission
State of Louisiana**

SUPPLEMENTAL INFORMATION SCHEDULES – (CONTINUED)

As of October 31, 1999

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**

SCHEDULE OF PROPERTY AND EQUIPMENT

As of October 31, 1999

	COSTS			
	BALANCE OCTOBER 31, 1998	ADDITIONS	DISPOSALS/ TRANSFERS	BALANCE OCTOBER 31, 1999
Land	\$ 3,329,269	\$ 609,183	\$ 196,309	\$ 3,742,143
Railroad Tracks and Yards	2,467,928	-	-	2,467,928
Roadways and Surface Drainage	1,414,591	1,639,457	219,155	2,834,893
Buildings and Structures	60,775,504	3,073,838	9,956,997	53,892,345
Equipment	9,597,671	130,792	5,784,670	3,943,793
Office Furniture and Fixtures	414,062	26,210	34,454	405,818
Transportation Equipment	148,560	-	6,344	142,216
Other Construction In-Progress	<u>6,440,389</u>	<u>6,035,314</u>	<u>5,479,481</u>	<u>6,996,222</u>
Total	<u>\$84,587,974</u>	<u>\$11,514,794</u>	<u>\$21,677,410</u>	<u>\$74,425,358</u>

Schedule 1

ACCUMULATED DEPRECIATION

BALANCE OCTOBER 31, 1998	PROVISIONS	DISPOSALS	BALANCE OCTOBER 31, 1999	NET PROPERTY AND EQUIPMENT OCTOBER 31, 1999
\$ -	\$ -	\$ -	\$ -	\$ 3,742,143
2,090,525	38,743	-	2,129,268	338,660
1,309,598	93,030	219,155	1,183,473	1,651,420
38,842,451	1,251,134	9,955,935	30,137,650	23,754,695
8,415,544	104,268	5,784,156	2,735,656	1,208,137
251,592	51,880	32,754	270,718	135,100
107,646	15,923	6,346	117,223	24,993
-	-	-	-	6,996,222
<u>\$51,017,356</u>	<u>\$ 1,554,978</u>	<u>\$15,998,346</u>	<u>\$36,573,988</u>	<u>\$37,851,370</u>

**Greater Baton Rouge Port Commission
State of Louisiana**

SCHEDULE OF LEASE INFORMATION

October 31, 1999

<u>LESSEE</u>	<u>FACILITY</u>	<u>MINIMUM ANNUAL RENTAL FOR 2000</u>
ACE Storage	Transit Shed	\$ 52,083
ACE Storage-IRMT	Transit Shed	\$ 32,400
Agway	Five Tracts of Land	\$ 15,000
Associated Barge Terminal of Baton Rouge, LLC	Inland Rivers Dock	\$ 50,000
A.H. Beck Foundation	Tract of Land	\$ 15,000
Baton Rouge Marine Contractors #1	Tract of Land	\$ 4,524
Baton Rouge Marine Contractors #2	Tract of Land	\$ 1,800
Baton Rouge Marine Contractors #3	Office Space	\$ 4,908
Baton Rouge Marine Contractors #4	Tract of Land	\$ 1,200
Cargill, Inc. (Grain Elevator)	Grain Storage Facility	\$189,000
Cargill/Seaboard (Flour Mill)	Tract of Land	\$ 12,403
Chemical Resources, Inc.-Building	Building & Equipment	\$ 36,178
Community Coffee	Building & Land	\$ 70,000

(CONTINUED)

Schedule 2

CURRENT LEASE DATE OF EXPIRATION	REMARKS
March 31, 2000	Rent is payable monthly in advance and includes \$400.00 for utilities.
June 30, 2000	Rent is payable monthly in advance. Lease can be terminated by lessee with 60 days written notice.
May 31, 2003	Lessee has option to renew for five years at \$20,000 per year and a second option to renew for an additional five years at \$25,000 per year. Rentals are paid monthly in advance.
September 30, 2000	Lessee has option to renew for three additional four year periods. Rental is payable monthly in advance.
April 28, 2001	Rent is payable monthly in advance.
May 31, 2001	Rental is payable annually in advance.
Month-to-Month	Rental is payable six months in advance at \$150 per month.
October 31, 2002	Lessee has the option to renew for a ten-year period at the end of the lease term. Rental is payable annually in advance.
June 30, 2003	Rental is payable annually in advance.
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, 2003	Lessee has the option to renew at the end of the lease term. Rental is payable annually in advance.
May 31, 2009	Rent is payable monthly in advance. Lease can be terminated by lessee with 60 days written notice.
April 30, 2004	Rent is payable monthly in advance and can fluctuate in amount based on the PPI (Producer Price Index).

**Greater Baton Rouge Port Commission
State of Louisiana**

SCHEDULE OF LEASE INFORMATION – (CONTINUED)

As of October 31, 1999

<u>LESSEE</u>	<u>FACILITY</u>	<u>MINIMUM ANNUAL RENTAL FOR 2000</u>
Kinder Morgan Bulk Terminal (formerly Hall-Buck)	Barge Terminal	\$150,000
LaGrain International, Inc.	Transit Shed & Land	\$300,000
Petroleum Fuel & Terminal (Apex)	Tract of Land	\$ 27,500
Ramsay-Scarlett	Warehouse & Land	\$ 26,045
Stone Oil Distributor	Tract of Land	\$ 72,000
Telecorp	Space on Water Tower	\$ 9,600
T.T. & H Warehouse, Inc. #1	Tract of Land	\$ 96,000
T.T. & H Warehouse, Inc. #2	Facility	\$ 28,800
Westway Industrial Molasses #1	Molassess Tank Farm	\$ 98,600
Westway Industrial Molasses #2	Tract of Land	\$ 34,925
Westway Industrial Molasses #3	Tract of Land	\$ 14,270
Westway Industrial Molasses #4	Tract of Land	\$ 13,320
Others	Various	\$ 5,651

**Schedule 2
(Continued)**

CURRENT LEASE DATE OF EXPIRATION	REMARKS
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.
February 28, 2004	Rent is payable monthly in advance.
September 30, 2001	Lessee has option to renew for five additional three-year periods.
March 31, 2000	Rent is payable monthly in advance.
October 31, 2003	Lessee has option to renew for three additional five year periods. Rent is payable semi-annually in advance.
August 18, 2003	Lessee has option to renew for a first five-period at \$900 per month, a second five-year period at \$1,000 per month, and a third five-year period at \$1,100 per month. Rentals are paid monthly in advance.
March 31, 2003	Lessee has the option to renew at the end of the lease. Rent is payable monthly in advance.
November 30, 2003	Rental is payable monthly in advance.
April 30, 2006	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.
February 28, 2006	Rental is payable in advance.
April 30, 2006	Rental is payable in advance.
December 31, 2001	Rental is payable 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.

**Greater Baton Rouge Port Commission
State of Louisiana**

SCHEDULE OF FUTURE LEASE RENTALS REVENUE WITHOUT OPTIONS

October 31, 1999

LESSEE	FACILITY	2000	2001	2002
ACE Storage	Transit Shed	\$ 52,083	\$ -	\$ -
ACE Storage-IRMT	Transit Shed	32,400	-	-
Agway	Five Tracts of Land	15,000	15,000	15,000
Associated Barge Terminal of Baton Rouge, LLC	Inland Rivers Dock	50,000	-	-
A.H. Beck Foundation	Tract of Land	15,000	7,500	-
Baton Rouge Marine Contractors, #1	Tract of Land	4,524	2,639	-
Baton Rouge Marine Contractors, #2	Tract of Land	1,800	1,800	1,800
Baton Rouge Marine Contractors, #3	Office Space	4,908	4,908	4,908
Baton Rouge Marine Contractors, #4	Tract of Land	1,200	1,200	1,200
Cargill, Inc. (Grain Elevator)	Grain Storage Facility	189,000	189,000	189,000
Cargill/Seaboard (Flour Mill)	Tract of Land	12,403	12,403	12,403
Chemical Resources, Inc. - Building	Building & Equipment	36,178	39,090	39,090
Community Coffee	Building & Land	70,000	70,000	70,000
Kinder Morgan Bulk Terminal (formerly Hall-Buck)	Barge Terminal	150,000	150,000	150,000
LaGrain International, Inc.	Transit Shed & Land	300,000	300,000	300,000
Petroleum Fuel & Terminal (Apex)	Tract of Land	27,500	25,210	-
Ramsay-Scarlett	Warehouse & Land	26,045	-	-
Stone Oil Distributor	Tract of Land	72,000	72,000	72,000
Telecorp	Space on Water Tower	9,600	9,600	9,600
T.T. & H Warehouse, Inc. #1	Tract of Land	96,000	96,000	96,000
T.T. & H Warehouse, Inc. #2	Facility	28,800	28,800	2,400
Westway Industrial Molasses #1	Molasses Tank Farm	98,600	98,600	98,600
Westway Industrial Molasses #2	Tract of Land	34,925	34,925	34,925
Westway Industrial Molasses #3	Tract of Land	14,270	14,270	14,270
Westway Industrial Molasses #4	Tract of Land	13,320	2,220	-
Other	Baton Rouge Steamship	624	624	624
	City of Port Allen	100	100	100
	Judson Baptist	900	900	900
	Savoie Industries, Inc.	3,019	3,019	3,019
	WBR Chamber of Commerce	1,008	1,008	1,008
		<u>\$1,361,207</u>	<u>\$1,180,816</u>	<u>\$1,116,847</u>

Schedule 3

2003	2004	LATER	OPTIONS END
\$ -	\$ -	\$ -	03/31/00
-	-	-	06/30/00
8,750	-	-	05/31/03
-	-	-	09/30/00
-	-	-	04/28/01
-	-	-	05/30/01
1,800	1,800	1,800	Indefinite
-	-	-	10/31/02
800	-	-	06/30/03
189,000	189,000	189,000	10/31/05
4,134	-	-	02/28/03
39,090	39,090	179,162	05/31/09
70,000	34,999	-	04/30/04
150,000	150,000	325,000	12/31/06
300,000	100,000	-	02/28/04
-	-	-	09/30/01
-	-	-	03/31/00
72,000	-	-	10/31/03
8,000	-	-	08/18/03
40,000	-	-	03/31/03
-	-	-	11/30/01
98,600	98,600	147,900	04/30/06
34,925	34,925	46,567	02/28/06
14,270	14,270	21,405	04/30/06
-	-	-	12/31/01
624	624	624	Indefinite
100	100	2,400	12/31/28
900	900	900	Indefinite
3,019	3,019	9,058	12/31/07
<u>1,008</u>	<u>1,008</u>	<u>336</u>	02/28/05
<u>\$1,037,020</u>	<u>\$668,335</u>	<u>\$924,152</u>	

**Greater Baton Rouge Port Commission
State of Louisiana**

SCHEDULE OF OPERATING EXPENSES BY MAJOR CATEGORY

For the years ended October 31, 1999 and 1998

<u>MAJOR CATEGORY</u>	<u>1999</u>	<u>1998</u>
Personnel Services	\$1,707,710	\$1,714,414
Operating Services	597,047	715,152
Travel	46,882	36,792
Supplies	145,964	181,711
Professional Services	227,881	294,553
Depreciation	1,554,978	1,552,448
Bad Debts	-	10,000
Other	<u>122,604</u>	<u>263,195</u>
 Total	 <u>\$4,403,066</u>	 <u>\$4,768,265</u>

Schedule 5

**Greater Baton Rouge Port Commission
State of Louisiana**

SCHEDULE OF ADMINISTRATIVE EXPENSES

For the years ended October 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Director's Salary	\$ 81,238	\$ 120,658
Other Salaries and Wages	386,614	346,924
Annual, Sick and Compensatory Leave	73,868	64,363
Legal	91,708	120,302
Advertising	116,912	101,935
Travel	43,426	34,424
Trade and Sales Solicitation	34,655	25,620
Education Expenses	24,562	20,325
Auditing	19,794	19,116
Engineering	23,697	39,562
Consulting Fees	13,290	30,622
Legislative Consultant Fees	38,440	37,973
Contributions to State Retirement System, Payroll Taxes, and Group Insurance Program	130,244	101,970
Office Supplies and Postage	28,667	25,038
Telephone and Telegraph	8,622	6,747
Dues and Subscriptions	22,261	16,825
Utilities	11,888	11,894
Office Repairs and Maintenance	53,759	35,480
Automobile Expenses	1,377	951
Insurance	33,845	19,773
Outside Administrative Services	4,712	8,779
Bad Debts	-	10,000
Miscellaneous	30,002	36,186
Commissioners' Per Diem	<u>22,425</u>	<u>22,650</u>
	<u>\$1,296,006</u>	<u>\$1,258,117</u>

**Greater Baton Rouge Port Commission
State of Louisiana**

SUMMARY SCHEDULE OF OPERATING INCOME (LOSS) BY FACILITY

For the years ended October 31, 1999 and 1998

	<u>OPERATING REVENUES</u>		<u>OPERATING EXPENSES</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Grain Elevator	\$ 634,636	\$ 485,142	\$ 9,793	\$ 13,272
General Cargo Docks	980,906	1,160,330	912,196	1,130,374
Baton Rouge Barge Terminal	308,520	317,565	53,848	4,242
Molasses Tank Farm	227,889	315,111	92,530	101,348
Burnside Terminal	142,055	310,110	1,987	5,816
West Bank Railroad Facility	343,501	272,694	238,330	224,501
Petroleum Terminal	192,496	139,028	2,880	6,105
Midstream Bulk Handling Facility	17,606	60,829	-	(356)
Miscellaneous River Activities	333,802	358,778	-	-
Miscellaneous East and West Bank Activities	375,049	145,334	3,651	93,455
Inland Rivers Marine Terminal	49,579	118,453	227,606	367,132
Foreign Trade Zone	<u>15,000</u>	<u>-</u>	<u>9,261</u>	<u>11,811</u>
Totals Before Administrative Expenses	3,621,039	3,683,374	1,552,082	1,957,700
Administrative Expenses	<u>-</u>	<u>-</u>	<u>1,296,006</u>	<u>1,258,117</u>
Total	<u>\$3,621,039</u>	<u>\$3,683,374</u>	<u>\$2,848,088</u>	<u>\$3,215,817</u>

Schedule 6

DEPRECIATION		OPERATING INCOME (LOSS)		
1999	1998	1999	1998	INCREASE (DECREASE)
\$ 144,895	\$ 110,014	\$ 479,948	\$ 361,856	\$ 118,092
861,871	755,022	(793,161)	(725,066)	(68,095)
31,126	42,441	223,546	270,882	(47,336)
144,429	137,037	(9,070)	76,726	(85,796)
-	15,482	140,068	288,812	(148,744)
31,203	31,390	73,968	16,803	57,165
83,083	35,536	106,533	97,387	9,146
15,741	187,715	1,865	(126,530)	128,395
-	-	333,802	358,778	(24,976)
-	11,322	371,398	40,557	330,841
174,826	150,007	(352,853)	(398,686)	45,833
-	-	5,739	(11,811)	17,550
1,487,174	1,475,966	581,783	249,708	332,075
67,804	76,482	(1,363,810)	(1,334,599)	(29,211)
\$1,554,978	\$1,552,448	\$ (782,027)	\$(1,084,891)	\$ 302,864

**Greater Baton Rouge Port Commission
State of Louisiana**

SCHEDULE OF COMMISSIONER'S PER DIEM

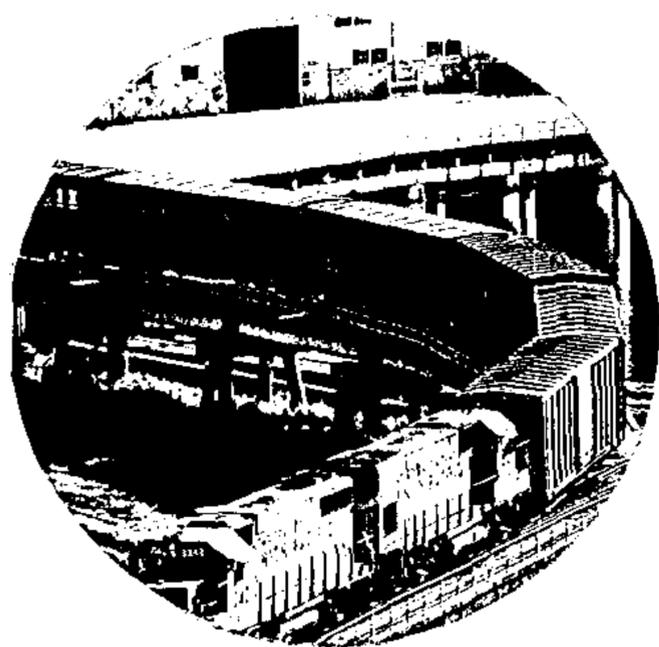
For the year ended October 31, 1999

<u>COMMISSIONER</u>	<u>NUMBER OF MEETINGS FOR WHICH PAID</u>	<u>AMOUNT</u>
Brian, Randy	8	\$ 600
Burgess, Lorri Ann	20	1,500
D'Agastino, Charles	21	1,575
Dragg, Alvin	24	1,800
Ishmael, Calvin	24	1,800
Johnson, Larry	24	1,800
Kimball, H.M.	21	1,575
Ribes, Sandra	16	1,200
Robertson, Lynn	22	1,650
Schexnayder, Donald	23	1,725
Scott, Henry	18	1,350
Smith, Lucille	16	1,200
Wales, Robert	19	1,425
Wallace, Steve	19	1,425
Woods, Larry	24	<u>1,800</u>
		\$ 22,425

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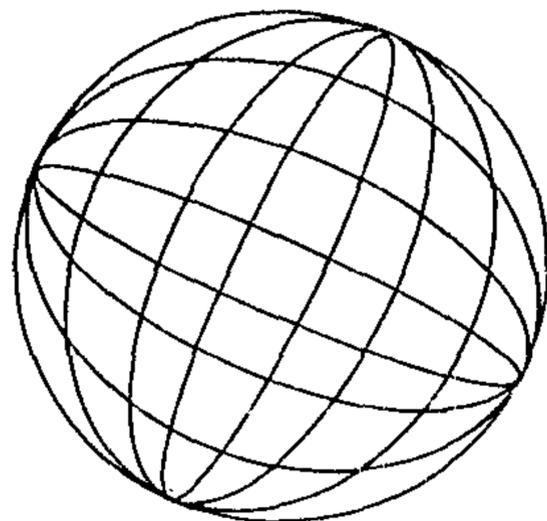
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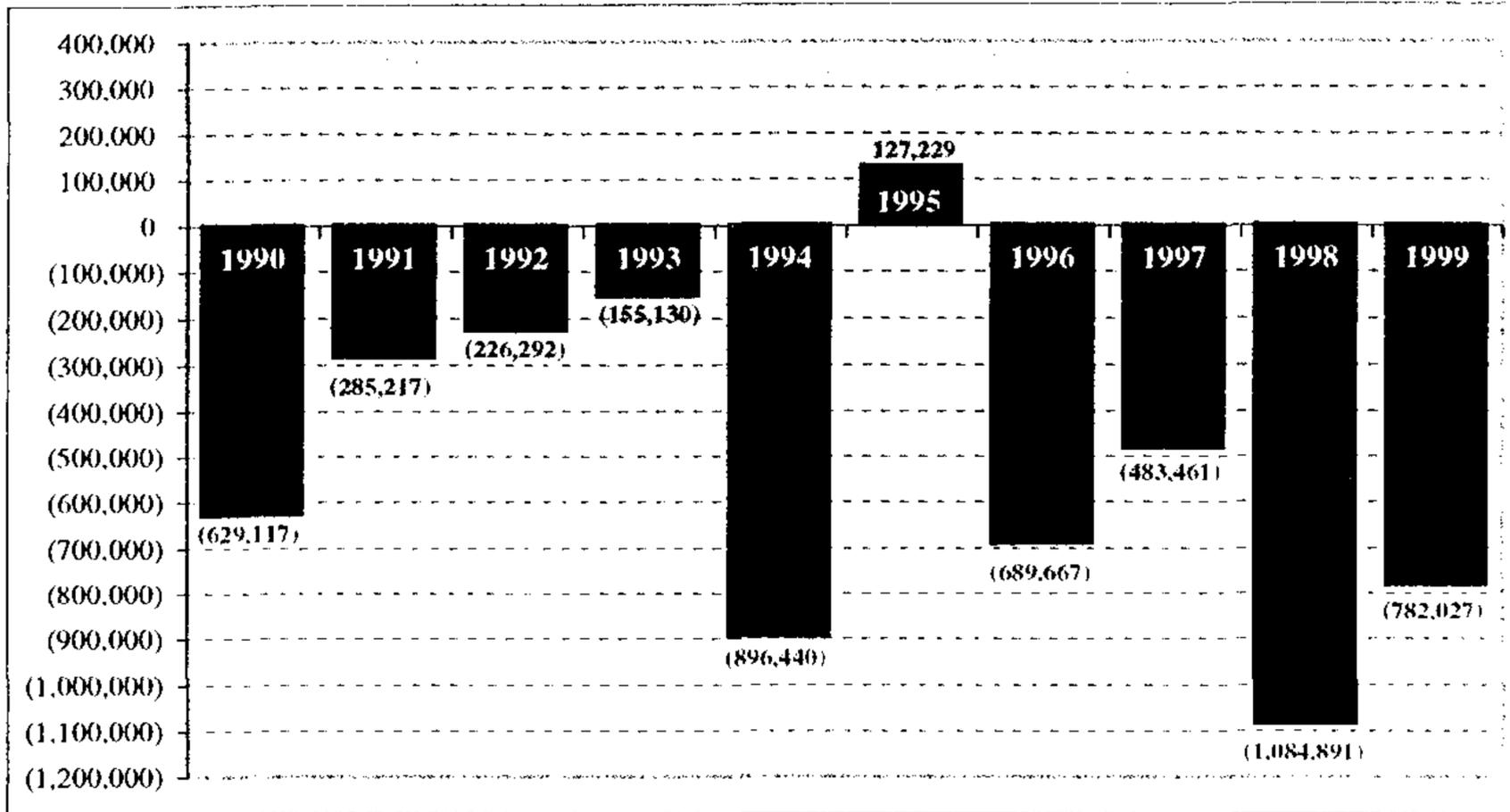
STATISTICAL SECTION

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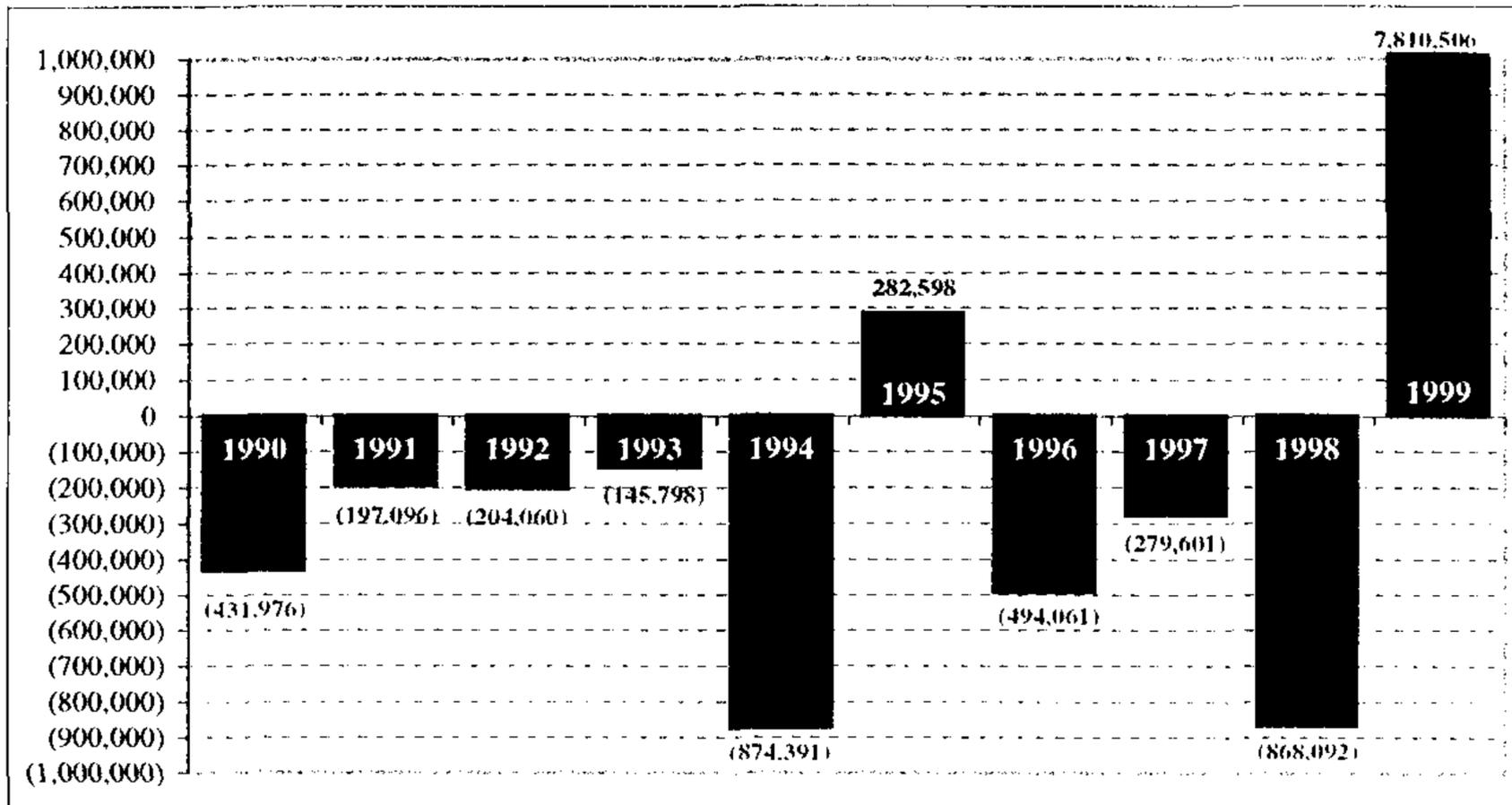


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**Greater Baton Rouge Port Commission
Ten Year Comparison
Operating Income (Loss) (In Dollars)
(Unaudited)**



**Greater Baton Rouge Port Commission
Ten Year Comparison
Net Income (Loss) (In Dollars)
(Unaudited)**

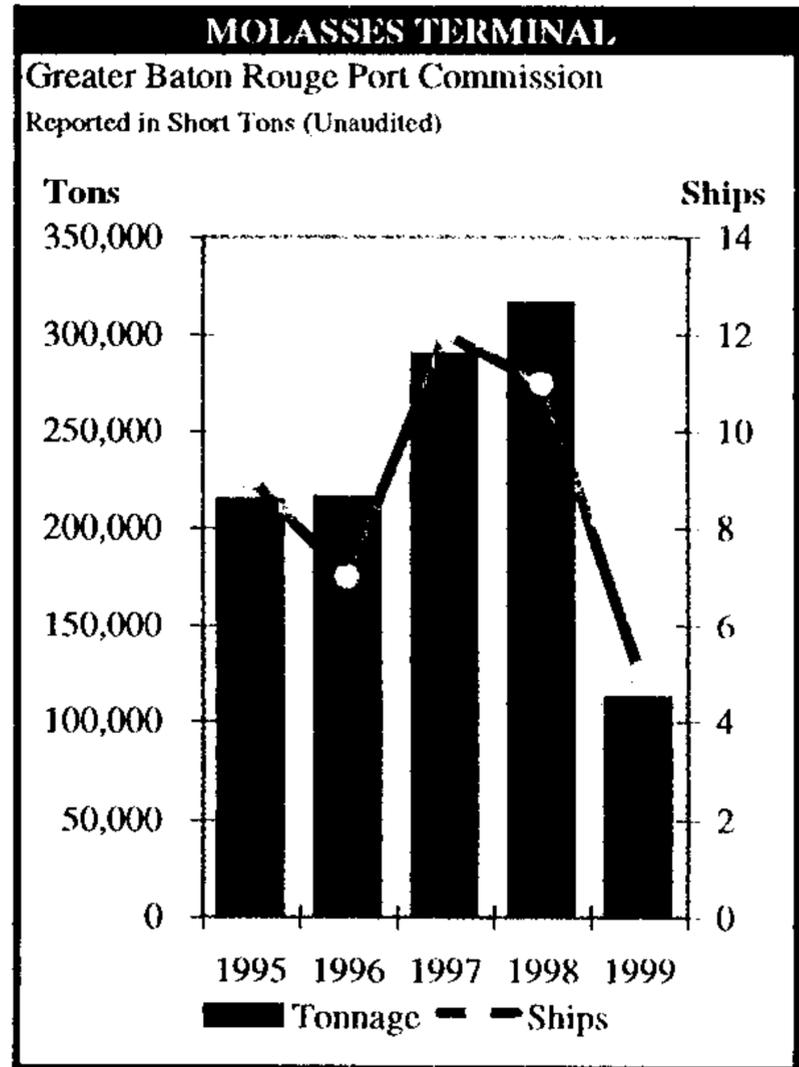
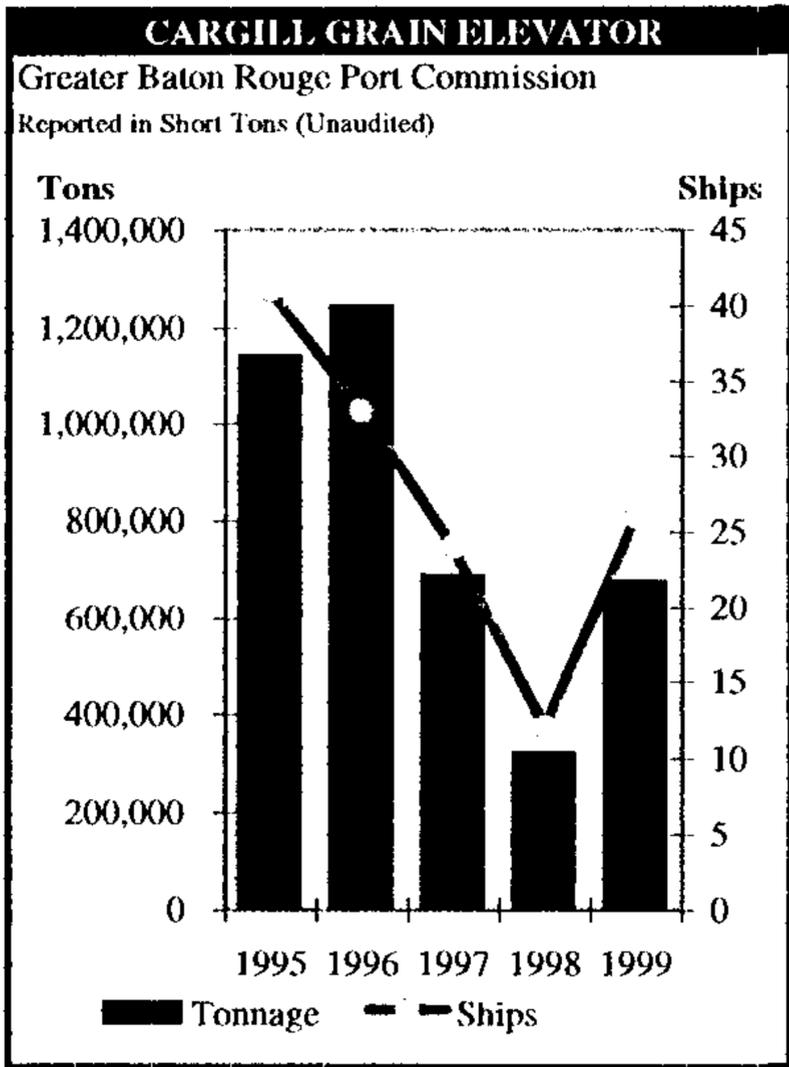
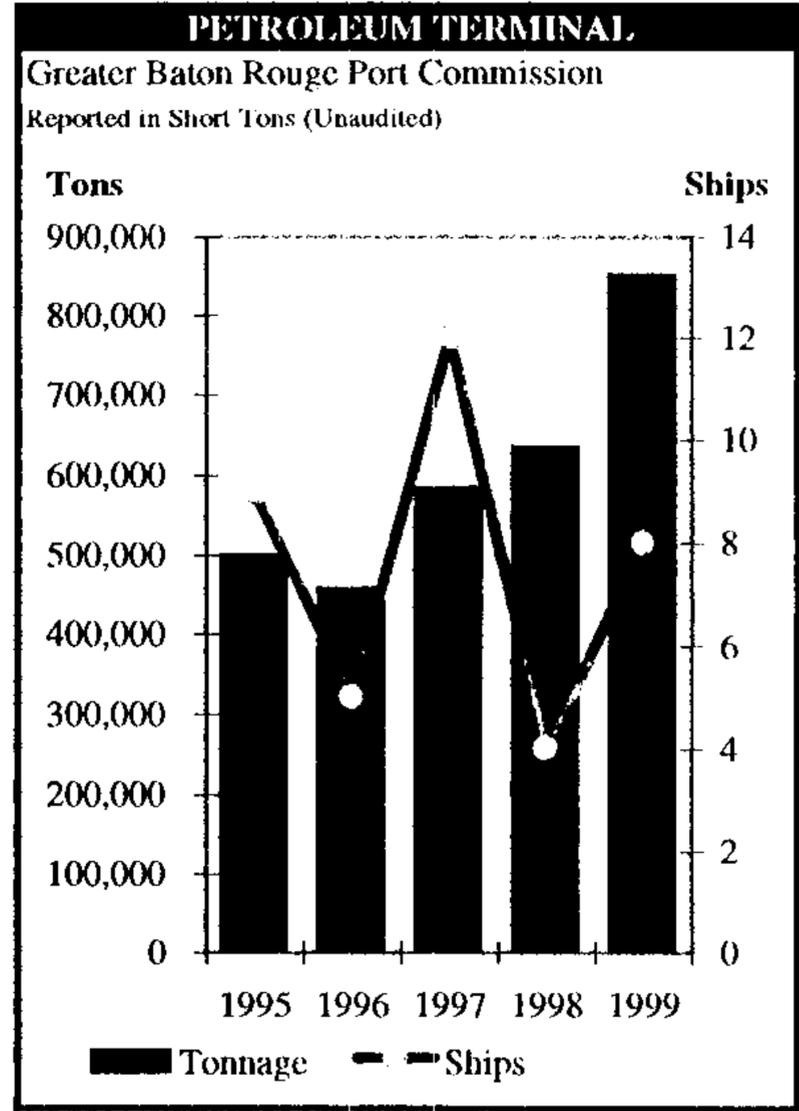
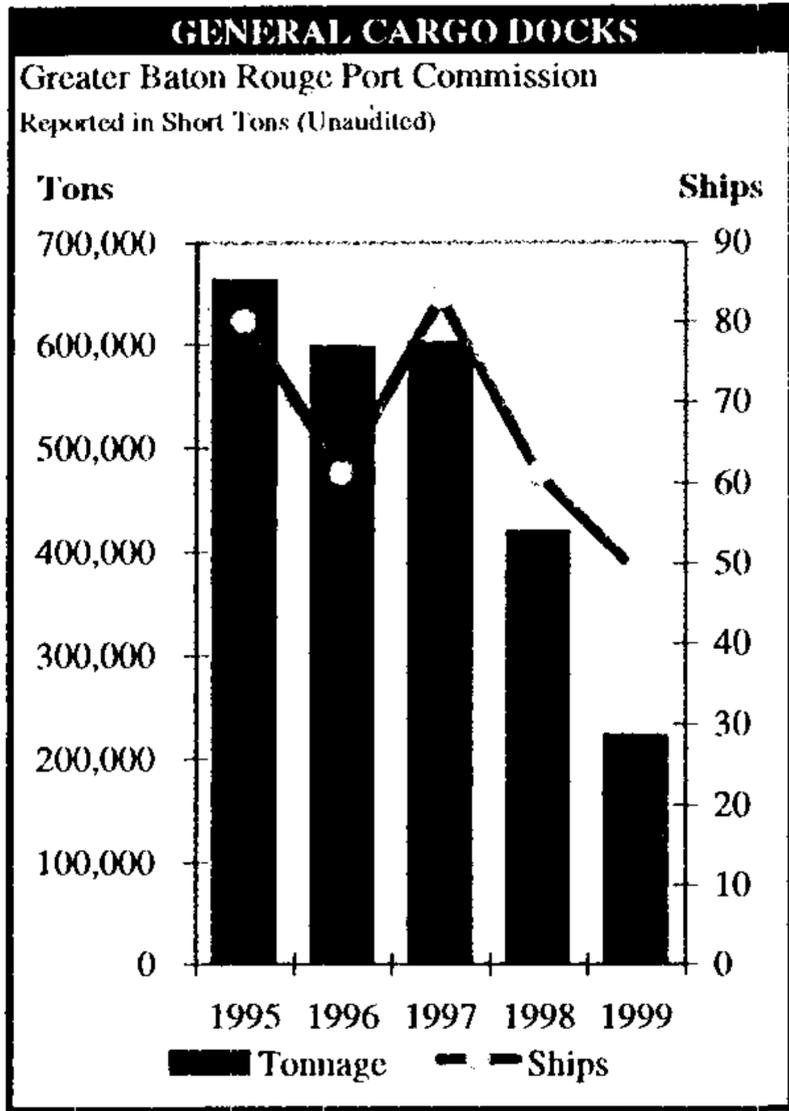


**GREATER BATON ROUGE PORT COMMISSION
STATE OF LOUISIANA**

Summary of Revenues, Expenses, and Net Income (Loss)
For the Years Ended October 31, 1990 through 1999
(Unaudited)

	<u>1990</u>	<u>1991</u>	<u>1992</u>
OPERATING REVENUES			
Dockage and wharfage	1,615,599	2,147,123	2,125,422
Rentals	675,906	697,124	699,345
Freight handling	233,850	335,144	322,230
Storage	20,524	111,174	58,651
Other	453,236	591,562	824,380
Total	<u>2,999,115</u>	<u>3,882,127</u>	<u>4,030,028</u>
OPERATING EXPENSES			
Direct	1,644,613	1,866,624	1,813,857
Administrative	716,852	845,376	916,786
Depreciation	1,266,767	1,455,344	1,525,677
Total	<u>3,628,232</u>	<u>4,167,344</u>	<u>4,256,320</u>
Operating Income (Loss)	(629,117)	(285,217)	(226,292)
NONOPERATING REVENUES (Expenses)			
Net increase in fair value of investments	376,063	275,386	185,531
Miscellaneous	56,395	25,970	29,257
Gain of sale of fixed assets			
Income from lease termination			
Interest expense	(229,215)	(206,395)	(182,630)
Amortization of debt issue and bond premium, net	(623)	(489)	(452)
Trustee's fees	(5,479)	(6,351)	(9,474)
Total	<u>197,141</u>	<u>88,121</u>	<u>22,232</u>
Net Income (Loss) before extraordinary item	(431,976)	(197,096)	(204,060)
Extraordinary item	<u>None</u>	<u>None</u>	<u>None</u>
Net Income (Loss)	<u>(431,976)</u>	<u>(197,096)</u>	<u>(204,060)</u>

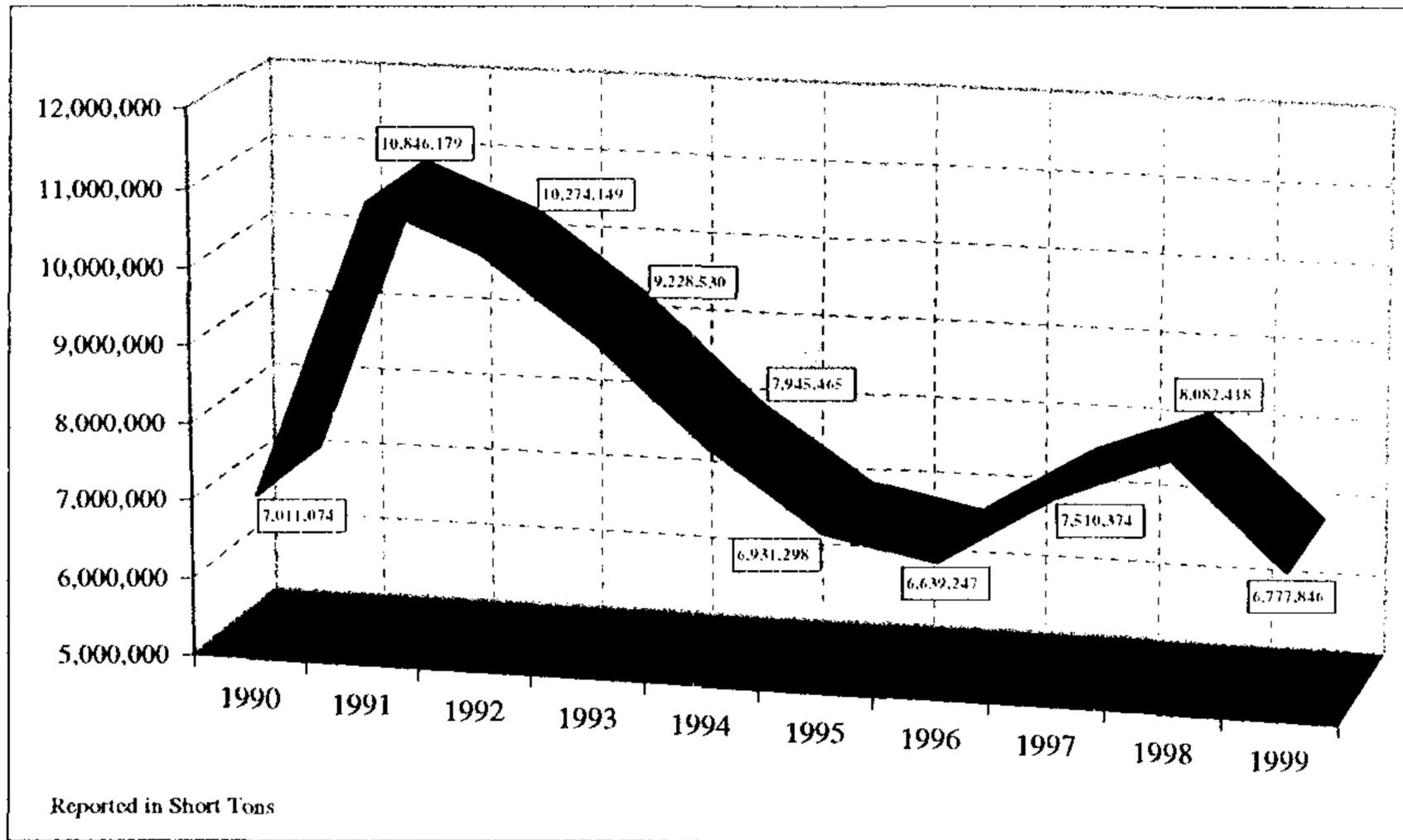
<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
2,209,685	1,751,445	2,237,645	2,039,686	2,135,918	1,659,264	1,367,474
734,523	739,474	760,617	837,053	874,521	986,168	1,347,279
221,828	240,424	575,118	169,388	61,255	87,691	20,887
43,887	5,276	5,050	37,970	38,452	83,380	49,636
836,217	803,127	1,013,393	959,842	931,699	866,871	835,763
<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>	<u>3,683,374</u>	<u>3,621,039</u>
1,705,200	1,861,499	1,867,646	1,994,598	1,686,793	1,957,700	1,552,082
918,729	910,778	1,140,418	1,293,318	1,169,836	1,258,117	1,296,006
1,577,341	1,663,909	1,456,530	1,445,690	1,668,677	1,552,448	1,554,978
<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>4,768,265</u>	<u>4,403,066</u>
(155,130)	(896,440)	127,229	(689,667)	(483,461)	(1,084,891)	(782,027)
141,916	160,042	290,044	331,983	327,935	347,400	533,011
30,909		430				5,803,079
						2,638,169
(157,955)	(132,510)	(132,056)	(130,689)	(120,037)	(127,272)	(368,374)
(414)	(375)	(335)	(292)	(248)	(1,701)	(11,120)
(5,124)	(5,108)	(2,714)	(5,396)	(3,790)	(1,628)	(2,232)
<u>9,332</u>	<u>22,049</u>	<u>155,369</u>	<u>195,606</u>	<u>203,860</u>	<u>216,799</u>	<u>8,592,533</u>
(145,798)	(874,391)	282,598	(494,061)	(279,601)	(868,092)	7,810,506
None	None	None	None	None	(516,242)	None
<u>(145,798)</u>	<u>(874,391)</u>	<u>282,598</u>	<u>(494,061)</u>	<u>(279,601)</u>	<u>(1,384,334)</u>	<u>7,810,506</u>



**Greater Baton Rouge Port Commission
Five Year Cargo Summary
(Unaudited)**

	1995	1996	1997	1998	1999
Cargo Docks	662,007	596,629	600,861	419,255	222,308
Coke Handling Facility	196,735	51,628	908,882	1,502,761	1,377,154
Inland River Marine	-	-	7,294	21,871	4,721
Midstream Buoys	-	-	86,437	319,001	45,100
Petroleum Terminal	499,481	456,911	583,478	634,212	850,980
Molasses Terminal	214,322	215,254	289,508	316,560	112,307
Grain Elevator	1,142,657	1,244,201	689,475	320,822	676,921
Burnside Terminal	4,216,096	4,074,624	4,344,439	4,547,936	3,488,355
	<u>6,931,298</u>	<u>6,639,247</u>	<u>7,510,374</u>	<u>8,082,418</u>	<u>6,777,846</u>
	<i>Reported in Short Tons</i>				

**Greater Baton Rouge Port Commission
Ten Year Tonnage Summary
(Unaudited)**



Greater Baton Rouge Port Commission
General Cargo Docks
Fiscal Year Cargo Comparison Report
Reported in Short Tons (Unaudited)

	FY 94-95	FY 95-96	FY 96-97	FY 97-98	FY 98-99
Import					
Linerboard, MCS, etc.	-	-	-	-	2,261
Machines, Machinery, etc.	-	112	435	-	-
Ores, Earths, etc.	-	-	-	3,087	3,197
Pipes, Tubing, etc.	-	-	-	245	-
Steel Beams, Rail, etc.	15,415	5,082	-	9,651	212
Miscellaneous Cargoes	-	471	-	-	-
Total Import Tonnage	15,415	5,665	435	12,983	5,670

	FY 94-95	FY 95-96	FY 96-97	FY 97-98	FY 98-99
Export					
Gas, Diesel, Fuels, etc.	-	17,132	-	-	-
Linerboard, MCS, etc.	128,529	199,934	256,058	195,237	129,711
Logs	32,471	21,188	-	-	-
Lumber, Flitches, etc.	21,356	16,140	8,520	9,264	2,475
Machinery	17	98	-	-	1,512
Pipes, Tubing, etc.	72,259	17,870	18,972	22,685	23,200
Plastics, etc.	2,452	-	-	-	-
Plywood, Veneer, etc.	3,493	1,565	1,951	272	273
Steel Beams, Rail, etc.	1,573	-	-	-	-
Woodpulp, Rolled Pulp, etc.	381,770	309,451	305,809	167,978	56,251
Miscellaneous Cargoes	72	3	89	20	81
Total Export Tonnage	643,992	583,381	591,399	395,456	213,503

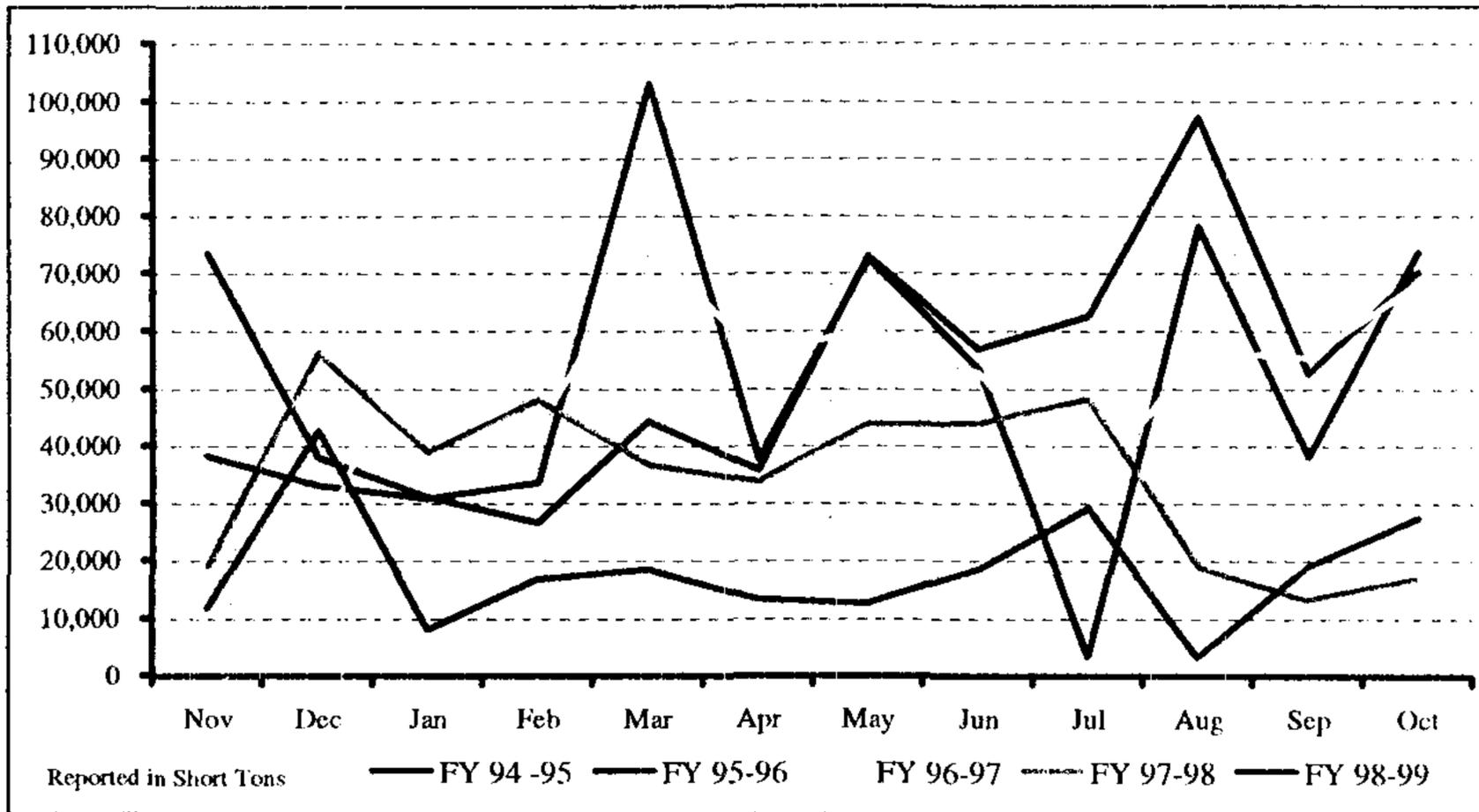
	FY 94-95	FY 95-96	FY 96-97	FY 97-98	FY 98-99
Domestic					
Linerboard, MCS, etc.	289	556	218	1,289	1,363
Lumber, Flitches, etc.	64	30	-	129	54
Gas, Diesel, Fuels, etc.	-	-	-	-	1,039
Pipes, Tubing, etc.	-	-	-	-	235
Plywood, Veneer, etc.	111	-	-	-	289
Woodpulp, Rolled Pulp, etc.	2,090	6,997	8,809	9,398	110
Miscellaneous Cargoes	46	-	-	-	45
Total Domestic Tonnage	2,600	7,583	9,027	10,816	3,135

Total Tonnage Handled	662,007	596,629	600,861	419,255	222,308
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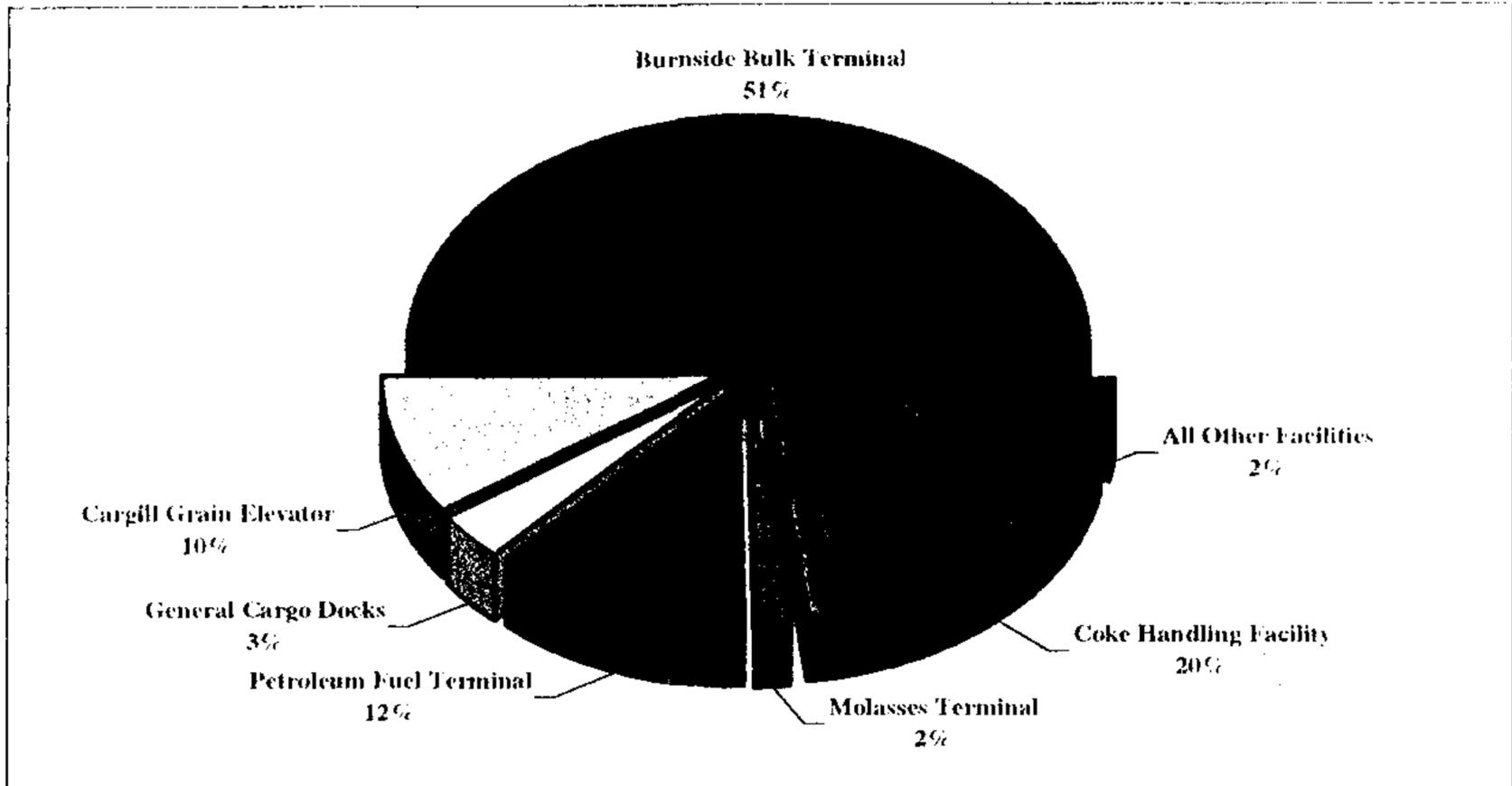
**Greater Baton Rouge Port Commission
General Cargo Dock Tonnage
Five Year Comparison
(Unaudited)**

	FY 94 -95	FY 95-96	FY 96-97	FY 97-98	FY 98-99
November	73,561	38,294	10,939	19,324	11,921
December	38,008	33,132	22,592	56,339	42,738
January	31,115	30,900	67,350	38,912	8,216
February	26,623	33,533	43,565	48,136	16,905
March	44,418	103,042	74,752	36,840	18,558
April	35,787	37,795	55,813	33,823	13,499
May	73,066	72,492	60,513	43,881	12,775
June	56,871	53,679	52,885	43,993	18,581
July	62,485	3,507	32,160	48,360	29,100
August	97,143	78,193	56,614	19,093	3,379
September	52,679	38,189	55,488	13,471	19,139
October	70,251	73,873	68,190	17,083	27,497
	<u>662,007</u>	<u>596,629</u>	<u>600,861</u>	<u>419,255</u>	<u>222,308</u>
	Reported in Short Tons				

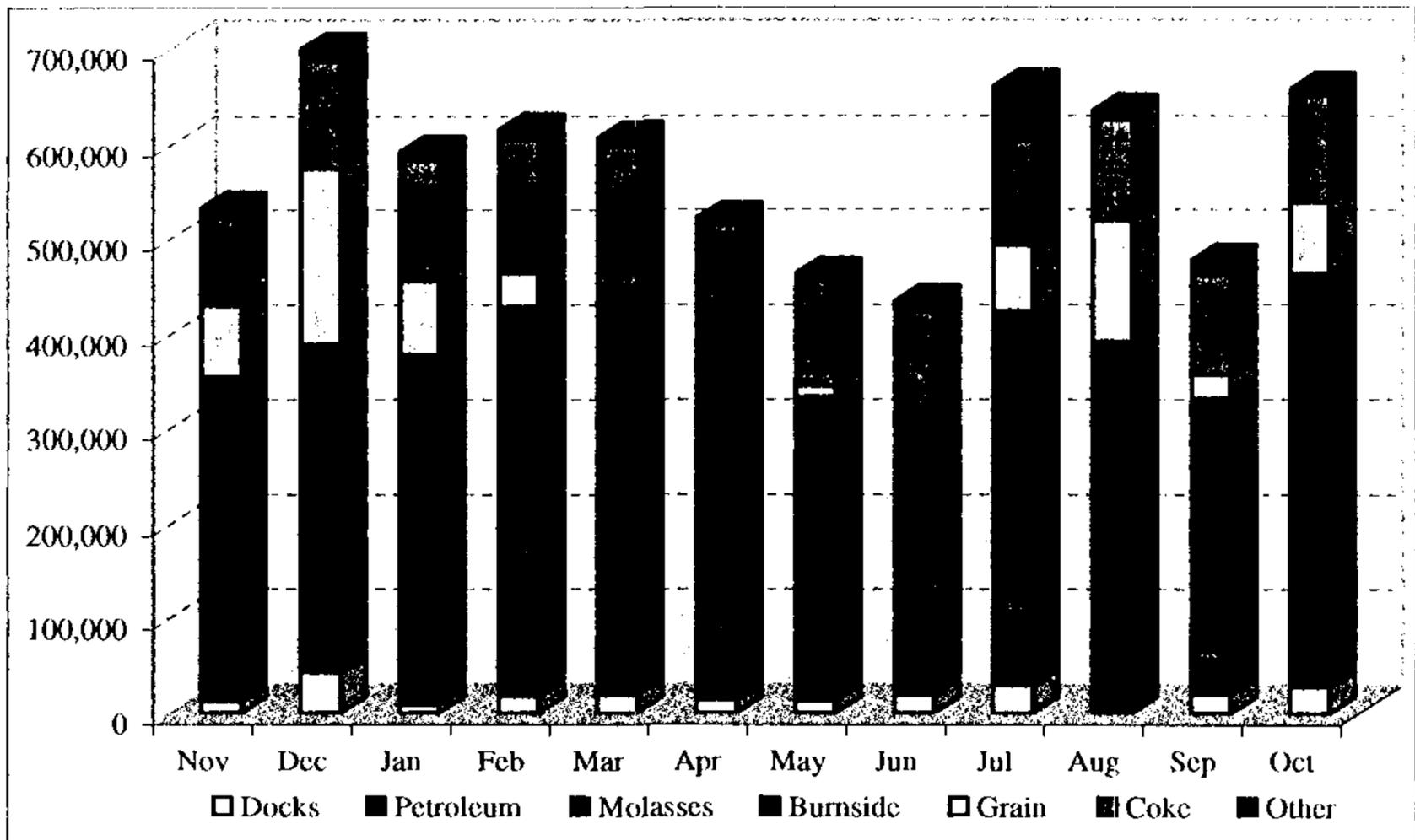
**General Cargo Dock Tonnage
Five Year Cargo Movements
(Unaudited)**



**Percentage of Tonnage Handled by Facility
For Year Ended October 31, 1999
Reported in Short Tons (Unaudited)**



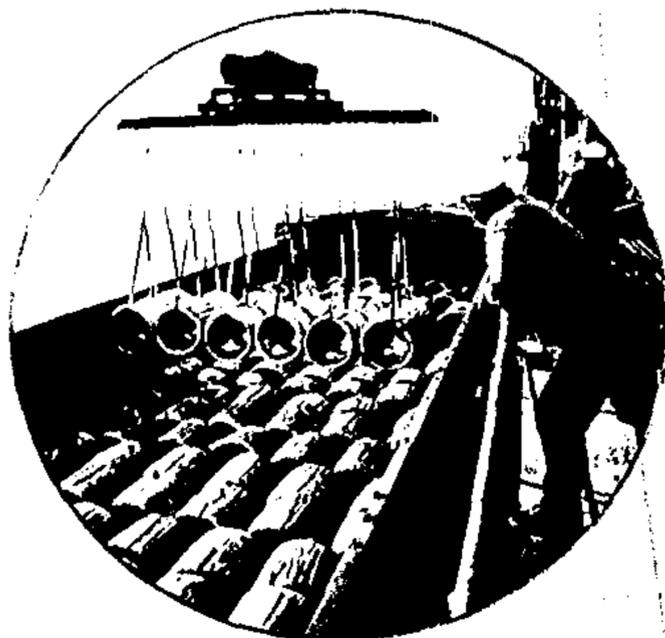
**Monthly Cargo Activity
For Year Ended October 31, 1999
Reported in Short Tons (Unaudited)**



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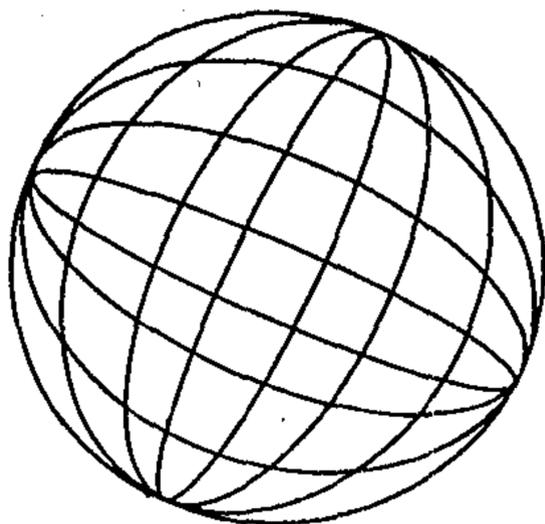
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COMPLIANCE SECTION

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Independent Auditor's Report on Compliance
and on Internal Control Over Financial Reporting
Based on an Audit of the General Purpose Financial
Statements Performed in Accordance with
Government Auditing Standards

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December 30, 1999

*A Professional Accounting Corporation

**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 as of October 31, 1999 and for the year then ended, and have issued our report thereon dated December 30, 1999. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 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.

This report is intended for the information and use of the Greater Baton Rouge Port Commission and its management. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

Hannis T. Bourgeois, LLP