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**GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA**

Financial Reports

December 31, 1998

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 7-21-99

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Financial Reports

December 31, 1998

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Financial Reports

December 31, 1998

TABLE OF CONTENTS

	<u>Page</u>
<u>Introductory Section</u>	
Title Page	i
Table of Contents	ii
 <u>Financial Section</u>	
Independent Auditor's Report	iii
General Purpose Financial Statements:	
Combined Balance Sheet - Governmental Fund Types and Account Groups	1
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types-----	3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General, Debt Service, and Capital Projects Funds-----	5
Notes to Financial Statements-----	7
Supplementary Schedule and Information:	
Schedule of Per Diem Paid Board Members-----	19
 <u>Supplementary Financial Reports</u>	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> -----	21
Schedule of Findings and Questioned Costs -----	23
Schedule of Prior Year Findings -----	25
Management's Corrective Action Plan -----	26

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Bergeron & Lanaux

----- CERTIFIED PUBLIC ACCOUNTANTS -----

A PROFESSIONAL CORPORATION

INDEPENDENT AUDITOR'S REPORT

CLAUDE E. BERGERON, CPA
THOMAS J. LANAUX, CPA
MICHAEL D. BERGERON, CPA

Board of Commissioners
Greater Lafourche Port Commission
Galliano, Louisiana

We have audited the accompanying general purpose financial statements of the Greater Lafourche Port Commission, as of and for the year ended December 31, 1998, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Greater Lafourche Port Commission as of December 31, 1998 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

The Commission has not presented disclosures required by Governmental Accounting Standards Board (GASB) Technical Bulletin 98-1, "Disclosures about Year 2000 Issues," as amended by GASB Technical Bulletin 99-1 that the GASB has determined are required to supplement, although not be a part of, the basic financial statements. In addition, we do not provide assurance that the Commission's year 2000 remediation efforts will be successful or that parties with which the Commission does business are or will become year 2000 compliant.

In accordance with Government Auditing Standards, we have also issued our report dated May 3, 1999 on our consideration of the Greater Lafourche Port Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Greater Lafourche Port Commission. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

May 3, 1998

Bergeson & Lanamy

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Combined Balance Sheet - Governmental Fund Types and Account Groups

December 31, 1998

	Governmental Fund Types				Account Groups			Totals	
	General	Special Revenue	Debt Service	Capital Projects	General Fixed Assets	General Long-Term Debt	(Memorandum Only)		
							1998	1997	
ASSETS									
Cash in Banks:									
Demand and interest bearing deposits	\$ 1,173,940	\$ -	\$ 842,070	\$ -	\$ -	\$ -	\$ 2,016,010	\$ 1,838,230	
Time deposits	363,265	2,365	-	-	-	-	365,630	347,351	
Investments	4,069,619	-	-	-	-	-	4,069,619	4,126,695	
Revenues receivable:									
Grants receivable from other governmental units	290,136	-	-	114,322	-	-	404,458	413,197	
Ad valorem taxes	899,120	-	-	-	-	-	899,120	738,003	
Lease rentals	37,433	-	-	-	-	-	37,433	19,769	
State revenue sharing	35,277	-	-	-	-	-	35,277	23,518	
Accrued interest	28,301	-	-	-	-	-	28,301	-	
Miscellaneous	5,997	-	-	-	-	-	5,997	7,669	
Due from other funds	-	-	-	663,180	-	-	663,180	497,846	
Prepaid lease expense	66,287	-	-	-	-	-	66,287	37,036	
Prepaid insurance	15,643	-	-	-	-	-	15,643	33,525	
Fixed assets:									
Land	-	-	-	-	219,209	-	219,209	219,209	
Buildings	-	-	-	-	1,795,238	-	1,795,238	1,578,718	
Port facilities and improvements	-	-	-	-	20,567,936	-	20,567,936	16,943,634	
Furniture and office equipment	-	-	-	-	86,423	-	86,423	100,848	
Vehicles, boats, and field equipment	-	-	-	-	730,930	-	730,930	694,832	
Construction in process	-	-	-	-	3,180,279	-	3,180,279	3,791,611	
Amount available in Debt Service Fund	-	-	-	-	-	842,070	842,070	729,842	
Amount to be provided for retirement of long-term obligations	-	-	-	-	-	3,414,582	3,414,582	3,954,184	
Total Assets	\$ 6,985,018	\$ 2,365	\$ 842,070	\$ 777,502	\$ 26,580,015	\$ 4,256,652	\$ 39,443,622	\$ 36,095,717	

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Combined Balance Sheet - Governmental Fund Types and Account Groups, Continued

December 31, 1998

	Governmental Fund Types				Account Groups		Totals	
	General	Special Revenue	Debt Service	Capital Projects	General	Long-Term Debt	(Memorandum Only)	
					Fixed Assets	Debt	1998	1997
LIABILITIES AND FUND EQUITY								
Liabilities:								
Accounts payable	\$ 466,407	\$ -	\$ -	\$ 614,518	\$ -	\$ -	\$ 1,080,925	\$ 1,332,383
Due to other funds	663,180	-	-	-	-	-	663,180	497,846
Retainage payable on construction in progress	-	-	-	162,984	-	-	162,984	222,517
Deferred revenue:								
Advance payment of leases	315,920	-	-	-	-	-	315,920	315,185
Accrued compensated absences	-	-	-	-	56,652	-	56,652	54,026
General obligation bonds payable	-	-	-	-	4,200,000	-	4,200,000	4,630,000
Total liabilities	1,445,507	-	-	777,502	-	4,256,652	6,479,661	7,051,957
Fund equity:								
Investment in general fixed assets	-	-	-	-	26,580,015	-	26,580,015	23,328,852
Fund balances:								
Reserved for debt service	-	-	842,070	-	-	-	842,070	729,842
Unreserved-undesignated	5,539,511	2,365	-	-	-	-	5,541,876	4,985,066
Total fund equity	5,539,511	2,365	842,070	-	26,580,015	-	32,963,961	29,043,760
Total liabilities and fund equity	\$ 6,985,018	\$ 2,365	\$ 842,070	\$ 777,502	\$ 26,580,015	\$ 4,256,652	\$ 39,443,622	\$ 36,095,717

See notes to financial statements.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Combined Statement of Revenues, Expenditures and Changes in Fund Balance -
All Government Fund Types

Year Ended December 31, 1998

	General Fund	Special Revenue	Debt Service	Capital Projects	Totals	
					1998	(Memorandum Only) 1997
Revenues:	\$ 920,961	\$ -	\$ -	\$ -	\$ 920,961	\$ 787,427
Taxes:						
Ad valorem taxes						
Intergovernmental revenue:						
Revenue sharing taxes	35,277	-	-	-	35,277	35,277
Grants	43,320	-	-	1,253,194	1,296,514	1,529,588
Self-generated fee revenues:						
Port lease rentals	4,414,799	-	-	-	4,414,799	3,606,430
Loading dock fees	97,392	-	-	-	97,392	182,724
Utility sales	15,515	-	-	-	15,515	11,308
Interest on time deposits	235,500	117	21,734	-	257,351	294,626
Other revenues	128,025	-	-	-	128,025	50,329
Total revenues	5,890,789	117	21,734	1,253,194	7,165,834	6,497,709
Expenditures:						
Current:						
General Government:						
Salaries	684,101	-	-	-	684,101	596,023
Per diems	27,350	-	-	-	27,350	28,600
Advertising	25,505	-	-	-	25,505	14,062
Auto and boat - fuel and oil	27,256	-	-	-	27,256	32,720
Auto and boat - parts and repair	42,861	-	-	-	42,861	55,061
Auto and boat - radio repair	26,161	-	-	-	26,161	23,418
Bank and trust fees	596	-	623	-	1,219	1,424
Building maintenance	25,344	-	-	-	25,344	22,713
Dues, registrations, subscriptions	25,414	-	-	-	25,414	20,187
Economic development	105,000	-	-	-	105,000	100,000
General port maintenance	218,894	-	-	-	218,894	195,520
Harbor police expenses	40,302	-	-	-	40,302	57,412
Hospitalization insurance	130,937	-	-	-	130,937	118,534
General insurance	142,043	-	-	-	142,043	176,418
Lease expense - Port Fourchon	459,002	-	-	-	459,002	403,920
Legal and professional fees	79,807	-	-	-	79,807	117,561
Office expense and supplies	21,148	-	-	-	21,148	20,698
Warehouse supplies	4,345	-	-	-	4,345	10,184

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Combined Statement of Revenues, Expenditures and Changes in Fund Balance -
All Governmental Fund Types, Continued

Year Ended December 31, 1998

	General Fund	Special Revenue	Debt Service	Capital Projects	Totals	
					1998	(Memorandum Only) 1997
Employer's contribution to State Retirement System	78,293	-	-	-	78,293	71,788
Telephone	25,987	-	-	-	25,987	19,618
Tool allowance	9,834	-	-	-	9,834	5,429
Travel	29,414	-	-	-	29,414	25,725
Utilities	35,578	-	-	-	35,578	36,206
Deductions from ad valorem taxes for retirement systems	27,764	-	-	-	27,764	21,000
Miscellaneous	11,031	-	-	-	11,031	3,296
Capital outlay:						
Equipment and vehicle purchases	119,037	-	-	-	119,037	99,390
Construction	-	-	-	2,771,757	2,771,757	4,914,910
Engineering	38,812	-	-	556,307	595,119	348,124
Debt service:						
Principal retirement	-	-	430,000	-	430,000	405,000
Interest and bank charges	-	-	276,293	-	276,293	298,455
Total Expenditures	<u>2,461,816</u>	<u>-</u>	<u>706,916</u>	<u>3,328,064</u>	<u>6,496,796</u>	<u>8,243,396</u>
Excess (deficiency) of revenues over expenditures	3,428,973	117	(685,182)	(2,074,870)	669,038	(1,745,687)
Other financing sources (uses):						
Operating transfers in	-	-	797,410	2,074,870	2,872,280	4,537,881
Operating transfers out	<u>(2,872,280)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,872,280)</u>	<u>(4,537,881)</u>
Total other financing sources (uses)	<u>(2,872,280)</u>	<u>-</u>	<u>797,410</u>	<u>2,074,870</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	556,693	117	112,228	-	669,038	(1,745,687)
Fund balances at beginning of year	<u>4,982,818</u>	<u>2,248</u>	<u>729,842</u>	<u>-</u>	<u>5,714,908</u>	<u>7,460,595</u>
Fund balances at end of year	<u>\$ 5,539,511</u>	<u>\$ 2,365</u>	<u>\$ 842,070</u>	<u>\$ -</u>	<u>\$ 6,383,946</u>	<u>\$ 5,714,908</u>

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Combined Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General, Debt Service,
and Capital Projects Funds

Year Ended December 31, 1998

	General Fund			Debt Service Fund			Capital Projects Fund			Variance Favorable (Unfavorable)
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
Revenues:										
Taxes:										
Ad valorem taxes	\$ 650,000	\$ 920,961	\$ 270,961	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues:										
Revenue sharing taxes										
Grants	50,000	35,277	(14,723)	-	-	-	-	-	-	-
Self-generated fee revenues:										
Port lease rentals	4,450,000	4,414,799	(35,201)	-	-	-	2,384,500	1,253,194	(1,131,306)	
Loading dock fees	100,000	97,392	(2,608)	-	-	-	-	-	-	-
Utility sales	15,000	15,515	515	-	-	-	-	-	-	-
Interest on time deposits	150,000	235,500	85,500	-	21,734	21,734	-	-	21,734	-
Other revenues	72,500	128,025	55,525	-	-	-	-	-	-	-
Total revenues	5,487,500	5,890,789	403,289	-	21,734	21,734	2,384,500	1,253,194	(1,131,306)	
Expenditures:										
Current:										
General Government:										
Salaries	700,000	684,101	15,899	-	-	-	-	-	-	-
Per diems	30,000	27,350	2,650	-	-	-	-	-	-	-
Advertising	20,000	25,505	(5,505)	-	-	-	-	-	-	-
Auto and boat - fuel and oil	35,000	27,256	7,744	-	-	-	-	-	-	-
Auto and boat - parts and repairs	60,000	42,861	17,139	-	-	-	-	-	-	-
Auto and boat - radio repair	24,000	26,161	(2,161)	-	-	-	-	-	-	-
Bank and trust fees	1,000	596	404	-	623	(623)	-	-	-	-
Building maintenance	33,500	25,344	8,156	-	-	-	-	-	-	-
Dues, registration, and subscriptions	20,000	25,414	(5,414)	-	-	-	-	-	-	-
Economic development	125,000	105,000	20,000	-	-	-	-	-	-	-
General port maintenance	300,500	218,894	81,606	-	-	-	-	-	-	-
Harbor police	42,000	40,302	1,698	-	-	-	-	-	-	-
Hospitalization insurance	122,000	130,937	(8,937)	-	-	-	-	-	-	-
General insurance	204,996	142,043	62,953	-	-	-	-	-	-	-
Lease expense - Port Fourchon	375,040	459,002	(83,962)	-	-	-	-	-	-	-
Legal and professional fees	95,000	79,807	15,193	-	-	-	-	-	-	-
Office expense and supplies	28,000	21,148	6,852	-	-	-	-	-	-	-
Warehouse supplies	11,000	4,345	6,655	-	-	-	-	-	-	-

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Combined Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General, Debt Service,
and Capital Projects Funds, Continued

Year Ended December 31, 1998

	General Fund			Debt Service Fund			Capital Projects Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Employer's contribution to State Retirement System	86,000	78,293	7,707	-	-	-	-	-	-
Telephone	25,000	25,987	(987)	-	-	-	-	-	-
Tool allowance	6,000	9,834	(3,834)	-	-	-	-	-	-
Travel	30,000	29,414	586	-	-	-	-	-	-
Utilities	50,000	35,578	14,422	-	-	-	-	-	-
Deductions from ad valorem taxes for assessor's commission and retirement systems	21,000	27,764	(6,764)	-	-	-	-	-	-
Miscellaneous	5,000	11,031	(6,031)	-	-	-	-	-	-
Capital outlay:									
Equipment and vehicle purchases	137,000	119,037	17,963	-	-	-	-	-	-
Construction and engineering	60,000	38,812	21,188	-	-	-	9,473,000	3,328,064	6,144,936
Debt service:									
Principal retirement	-	-	-	430,000	430,000	-	-	-	-
Interest	-	-	-	276,300	276,293	7	-	-	-
Total expenditures	2,647,036	2,461,816	185,220	706,300	706,916	(616)	9,473,000	3,328,064	6,144,936
Excess (deficiency) of revenues over expenditures	2,840,464	3,428,973	588,509	(706,300)	(685,182)	21,118	(7,088,500)	(2,074,870)	5,013,630
Other financing sources (uses):									
Operating transfers in	-	-	-	795,000	797,410	2,410	7,088,500	2,074,870	(5,013,630)
Operating transfers out	(7,883,500)	(2,872,280)	5,011,220	-	-	-	-	-	-
Total other financing sources (uses)	(7,883,500)	(2,872,280)	5,011,220	795,000	797,410	2,410	7,088,500	2,074,870	(5,013,630)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(5,043,036)	556,693	5,599,729	88,700	112,228	23,528	-	-	-
Fund balances at beginning of year	5,043,036	4,982,818	(60,218)	-	729,842	729,842	-	-	-
Fund balances (deficit) at end of year	\$ -	\$ 5,539,511	\$ 5,539,511	\$ 88,700	\$ 842,070	\$ 753,370	\$ -	\$ -	\$ -

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements

1) Summary of Significant Accounting Policies

The accounting and reporting policies of the Commission conform to generally accepted accounting principles as applicable to governments.

The following is a summary of certain significant accounting policies.

- a) Reporting Entity. The Greater Lafourche Port Commission (Commission) was created under Louisiana Revised Statute 34:1651 with a nine member board elected for a term of six (6) years. The Commission has been empowered to regulate the commerce and traffic within the port area; to promote commerce within the area through the construction, acquisition and maintenance of wharves, docks, sheds, landings and waterways; to provide police protection and services for its facilities; and to lease its facilities to all types of commercial transportation, storage, and shipping industries.

This report includes all funds and account groups which are controlled by the Commission. The Commission is financially independent and is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Commission.

- b) Fund Types and Account Groups. The accounts of the Commission are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenditures. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Fund types and account groups presented in the financial statements are described as follows:

General Fund: This fund is used to account for resources devoted to financing the general operations and services of the Commission. Ad valorem taxes, self-generated fees and other sources of revenues used to finance the fundamental operations of the Commission are included in this fund. The fund is charged with all costs of operating the Commission for which a separate fund has not been established.

Special Revenue Fund (Bayou Clean-Up Reward Fund): The Bayou Clean-Up Reward fund is used to account for monies donated by area business people to aid in the "Bayou Clean-Up Project." The money is used for rewards to any person providing information leading to the arrest and conviction of any person who unloads contraband into Bayou Lafourche.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of resources for and the payment of revenue bonds.

Revenue bonds are financed by ad valorem taxes and general revenues transferred from the General Fund.

Capital Projects Fund: The capital projects fund is used to account for financial resources to be used for waterways and beach stabilization, relocation of roads and waterlines, drainage and construction of major capital facilities in the port area. Financing is provided by means of State Capital Outlay Funds, Federal Emergency Management Agency supplements, grants from the U. S. Economic Development Administration, and the construction budget of the general fund and grants.

General Fixed Assets Account Group: This is not a fund but an account group that is used to account for general fixed assets of the Commission.

General Long-Term Debt Account Group: This is not a fund but an account group that is used to account for the outstanding principal balances of revenue bonds and other long-term obligations expected to be financed from governmental funds.

- c) Fixed Assets and Long-Term Liabilities. Fixed assets used in governmental fund operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain on infrastructures are capitalized along with other general fixed assets. Expenditures incurred in connection with port maintenance and maintaining navigable waterways are expensed. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost. Donated assets are valued at fair market value at time of donation. The costs of normal maintenance, dredging and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

- d) Basis of Accounting. Governmental fund types use a modified accrual basis of accounting. Revenues are recognized when available and measurable. Revenues that are accrued include ad valorem taxes, revenue sharing taxes, grants, port lease rentals and interest. Office rentals, loading dock fees, water sales and collection of delinquent taxes and fees are recorded as revenues when received.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service which is recognized when paid.

- e) Budgetary Accounting. Annually, the Commission adopts a budget for the general, debt service, and capital projects funds. The budgetary practices include public notice of the proposed budgets, public inspection of the proposed budgets and public hearings on the budgets. Budgets are prepared based on the modified accrual basis of accounting which recognizes revenues and expenditures as explained in note 1(d) above. Budgetary control is exercised at the fund level.

State law provides that when actual revenues within certain funds are failing to meet estimated annual budgeted revenues, and/or actual expenditures within certain funds are exceeding estimated budgeted expenditures by five percent or more, a budget amendment shall be adopted by the board in an open meeting.

Budgeted amounts included in the accompanying financial statements include original adopted budget amounts and all subsequent amendments. Amendments to the budget must be approved by the Board of Commissioners. Budget amounts which are not expended lapse at year end.

Encumbrance accounting is not utilized by the Commission.

- f) Cash and Investments

Cash includes amounts in demand deposit accounts, money market accounts and certificates of deposit.

Investments consist of debt securities issued by the government of the United States, or an agency, enterprise or instrumentality thereof, and units owned in the Louisiana Asset Management Pool which are accounted for as debt securities. Investments are carried at market value.

- g) Receivables. All receivables are recorded at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible.
- h) Transfers Between Funds. Transfers between funds which are not expected to be repaid are accounted for as other financing sources (uses). In those cases where repayment is expected, the advances are accounted for through the various "due from" and "due to" accounts.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

- i) Interest Receivable. Interest receivable on time deposits is recorded as revenue in the year the interest is earned.
- j) Ad Valorem Taxes and Revenue Sharing. Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed except for taxes paid under protest which are recorded in the year available. Delinquent taxes considered to be uncollectible are not recorded as revenues, consequently, no allowance for uncollectible taxes is considered necessary.

Ad valorem taxes are assessed on a calendar year basis, become due November 15th of each year and become delinquent on December 31st. The taxes are generally collected in December of the current year and in January and February of the ensuing year. The Commission's authorized and levied ad valorem tax millage rate for 1998 was 7.25.

State revenue sharing monies are generally received by the Commission on the 15th day of December in the year of determination and on the 15th day of April and June of the subsequent year in equal installments.

- k) Compensated Absences. The Commission employees accumulate unlimited amounts of annual and sick leave at varying rates as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused sick leave is credited as earned service in computing retirement benefits.

At December 31, 1998, \$56,652 has been recorded in the General Long-Term Debt Account Group which represents that portion of estimated compensated absence for annual leave of the General Fund which will be taken or reimbursed after the balance sheet date.

- l) Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- m) Total Columns on Financial Statements - Overview. Total columns on the financial statements - overview - are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial condition or results of operations in conformity

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2) Pension Plan

All full-time employees of the Greater Lafourche Port Commission must participate in the Louisiana State Employees Retirement System (LASERS), a cost sharing multiple-employer public employee retirement system.

Plan Description: The LASERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and disability benefits. Five years of service credit is required to become vested for survivor benefits. Benefits are established and amended by state statute. The LASERS issues a publicly available financial report that includes financial statements and required supplementary information for the LASERS. That report may be obtained by writing to the Louisiana State Employers' Retirement System, Post Office Box 44213 Baton Rouge, Louisiana 70804-4213, or by calling (504) 922-0600.

Funding Policy. Plan members are required to contribute a percentage of their annual covered salary and the Commission is required to contribute at an actuarially determined rate. Member contributions and employer contributions for the LASERS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The Commissions' employer contribution for the LASERS is funded through annual appropriations.

Contributions required and made to the LASERS were as follows:

Fiscal year ended December 31,	1998	1997	1996
Member contribution	7.5%	7.5%	7.5%
Employer contribution	12.4%	12.4%	12.4%
Member contribution	\$38,975	\$38,004	\$34,053
Employer contribution	\$65,964	\$64,346	\$55,413

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

3) Cash

Under state law, the 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. As reflected on Statement A, the Commission has cash and certificates of deposit totaling \$2,381,640 at December 31, 1998.

State law also requires that deposits be fully collateralized at all times. Acceptable collateralization includes the \$100,000 FDIC insurance and the market value of securities purchased and pledged. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the Commission or with an unaffiliated bank or trust company for the account of the Commission.

The following is a summary of cash and cash equivalents and the securities pledged to them:

Cash and cash equivalents - carrying amount	<u>\$ 2,381,640</u>
Bank balance of deposits	<u>\$ 2,394,068</u>
Portion insured by FDIC	220,744
Pledged securities under Louisiana law	<u>2,691,054</u>
Total FDIC insurance and pledged securities	<u>\$ 2,911,798</u>

Securities pledged as collateral on deposits of the Commission are held by the depository institution in the name of the depository institution.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

4) Investments

A summary of investments at December 31, 1998 follows:

	Carrying Amount (Fair Value)
U.S. government agency securities	\$ 1,652,878
Investment in units of the Louisiana Asset Management Pool (LAMP)	2,416,741
Total investments	\$ 4,069,619

All U.S. government agency securities are insured or registered in the name of the Commission and held by its agent in the Commission's name.

Units of the LAMP represent an undivided fractional interest in each of the securities held by the LAMP. Securities held by the LAMP include only debt securities issued, guaranteed or otherwise backed by the U.S. Treasury, the government of the United States, or an agency, enterprise or instrumentality thereof, and repurchase agreements collateralized by such securities.

5) Changes in General Fixed Assets

A summary of changes in general fixed assets are as follows:

	Balance 12/31/97	Additions	Deletions and Transfers	Balance 12/31/98
Land	\$ 219,209	\$ -	\$ -	\$ 219,209
Buildings	1,578,718	216,520	-	1,795,238
Port facilities and improvements	16,943,634	3,624,302	-	20,567,936
Furniture and office equipment	100,848	8,351	22,776	86,423
Vehicles, boats, and field equipment	694,832	110,821	74,723	730,930
Construction in process	3,791,611	3,229,490	3,840,822	3,180,279
TOTALS	\$ 23,328,852	\$ 7,189,484	\$ 3,938,321	\$ 26,580,015

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

6) Long-Term Debt

The following is a summary of bonds payable:

<u>Description of Bonds payable</u>	<u>Payable 12/31/97</u>	<u>Issued</u>	<u>Retired</u>	<u>Payable 12/31/98</u>	<u>Year End 12/31/98 Interest Expense</u>
Revenue Bonds:					
Series 1993	\$ 1,575,000	\$ -	\$ (170,000)	\$ 1,405,000	\$ 78,395
Series 1996	3,055,000	-	(260,000)	2,795,000	197,898
	<u>\$ 4,630,000</u>	<u>\$ -</u>	<u>\$ (430,000)</u>	<u>\$ 4,200,000</u>	<u>\$ 276,293</u>

Bonds payable at December 31, 1998 are represented by the following issues:

Revenue Refunding Bonds

\$2,140,000 Revenue Refunding Bonds (Port Fourchon Development) Series 1993; due in annual principal installments of \$185,000 to \$290,000 through September 1, 2004; interest payable semi-annually at 5% until September 1, 1999, and 5.1% thereafter until maturity.

\$ 1,405,000

Port Facility Revenue Bonds

\$3,300,000 Port Facility Revenue Bonds (Port Fourchon Development) Series 1996; due in annual principal installments of \$280,000 to \$430,000 through September 1, 2006; interest payable semi-annually at 5.85% to 6.65% until maturity.

2,795,000

Total bonds payable

\$ 4,200,000

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

The bonds are secured by revenues of the Commission, including ad valorem taxes.

Debt service requirements for bonds payable in future years are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1999	\$ 465,000	\$ 252,092	\$ 717,092
2000	500,000	225,528	725,528
2001	535,000	196,545	731,545
2002	575,000	165,385	740,385
2003	620,000	131,610	751,610
2004	670,000	95,108	765,108
2005	405,000	55,528	460,528
2006	430,000	28,595	458,595
	<u>\$ 4,200,000</u>	<u>\$ 1,150,391</u>	<u>\$ 5,350,391</u>

7) Leases

The Commission leases the land on which Port Fourchon Industrial Park is built from four landowners under operating leases expiring in various years through 2033. The leases are structured to have a minimum amount of base rent with additional amounts payable as contingent rentals based on sublease rentals received by the Commission.

Minimum rental payments of approximately \$59,000 were included in lease expense of \$459,002 for the year ended December 31, 1998.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 1998 for each of the next five years are as follows:

Year Ending December 31,	Amount
1999	\$ 61,642
2000	16,292
2001	16,873
2002	17,078
2003	17,658
Thereafter	21,532
Total minimum future rental payments	\$ 151,075

Total minimum future rental payments have not been reduced by sublease rentals to be received in the future under non-cancelable subleases.

8) Port Lease Rentals

The Commission leases sites situated on Port Fourchon to businesses operating primarily in the oil and gas and seafood industries. The number of lessees as of December 31, 1998, is forty-seven. In general, lease contracts state that in each year of the primary term or any extended option term, rental payments to the Port shall escalate at rates varying from 2% to 5% of the rental paid in the preceding year, unless other arrangements are negotiated.

Based on existing leases at December 31, 1998, minimum lease rentals on non-cancelable leases to be received over the next five years are as follows:

Year Ending December 31,	Amount
1999	\$ 4,480,961
2000	3,732,035
2001	3,238,268
2002	2,420,983
2003	1,996,214
Total	\$ 15,868,461

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

9) Fund Equities

Reservations of fund balance are established to indicate portions of the fund balance which are not appropriable for expenditures or which are legally segregated for a specific future use. Reservations of fund balances are summarized below.

Reserved for Debt Service

This reserve represents the amount held in the Debt Service Fund that is reserved for future payments of principal and interest on bonds.

Reserved for Capital Projects

This reserve represents the amount held in the General Fund and Capital Projects Fund that is reserved for construction projects.

10) Contracts-in-Progress

At December 31, 1998, the Commission had the following construction contracts in progress:

<u>Project Description</u>	<u>Estimated total cost</u>	<u>Cost incurred to date</u>	<u>Estimated % funded by other entities</u>
Deep Draft Berthing facility	\$ 1,979,321	\$ 1,813,629	60%
E-Slip Phase III	5,280,000	415,557	75%
E-Slip Leg II	1,557,000	160,752	-
Port roads overlay	1,416,385	80,392	40%
Port Fourchon operations facility	802,305	755,912	-
	<u>\$ 11,035,011</u>	<u>\$ 3,226,242</u>	

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

11) Risk Management

The Commission is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. To manage these risks, the Commission has obtained coverage from commercial insurance companies. During 1998, there were no claims in excess of insurance coverage.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Schedule of Per Diems Paid Board Members

Years Ended December 31, 1998

Board Member

Dudley A. Bernard	\$ 3,600
Ervin J. Bruce	1,400
Robert M. Champagne	1,900
Chester J. Cheramie	350
Harrison J. Cheramie, Jr.	3,200
Vinton J. Crosby	1,550
Tomey J. Doucet	2,850
Larry J. Griffin	3,600
John J. Melancon, Sr.	2,200
Rodney J. Terrebonne	3,600
Donald J. Vizier	<u>3,100</u>
	<u>\$ 27,350</u>

SUPPLEMENTARY FINANCIAL REPORTS

5779 HWY 311
P. O. BOX 3695
HOUMA, LOUISIANA 70361-3695
TELEPHONE (504) 851-0883
FAX (504) 851-3014
email mdbcps@cslun.net

Bergeron & Lanaux

--- CERTIFIED PUBLIC ACCOUNTANTS ---
A PROFESSIONAL CORPORATION

CLAUDE E. BERGERON, CPA
THOMAS J. LANAUX, CPA
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Greater Lafourche Port Commission
Galliano, Louisiana

We have audited the financial statements of the Greater Lafourche Port Commission as of and for the year ended December 31, 1998, and have issued our report thereon dated May 3, 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 Lafourche Port Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 Lafourche 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. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Commission's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 1998-1.

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. 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 reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

This report is intended for the information of the Greater Lafourche Port Commission, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Bergeron & Lanoux

May 3, 1999

GREATER LAFOURCHE PORT COMMISSION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended December 31, 1998

We have audited the financial statements of the Greater Lafourche Port Commission as of and for the year ended December 31, 1998, and have issued our report thereon dated May 3, 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. Our audit of the financial statements as of December 31, 1998 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weakness Yes No

Reportable Conditions Yes No

Compliance:

Compliance Material to Financial Statements Yes No

b. Federal Awards - (Not applicable)

c. Identification of Major Programs - (Not applicable.)

Section II Financial Statement Findings

1998-1, Reconciliation of Investments

During 1998, the Commission purchased investments in debt securities issued by U. S. Government agencies. The cost basis of the securities and the accrued interest receivable are recorded in a single general ledger account. At year-end, the balance of the investment account was overstated by approximately \$23,000 because of a posting error in recording interest payments received. The error was not detected because procedures to reconcile the general ledger to the broker's monthly statements had not been fully implemented as of year-end.

We recommend a subsidiary ledger be maintained to track the cost basis, market value and accrued interest receivable on each security in the Commission's portfolio. The subsidiary ledger should be reconciled to the broker's statement and the general ledger monthly by someone who is not involved in initiating or recording investment transactions.

Section III Federal Award Findings and Questioned Costs

Not Applicable.

GREATER LAFOURCHE PORT COMMISSION
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 1998

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

There were none noted for the prior year ended December 31, 1997.

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

Not applicable.

SECTION III MANAGEMENT LETTER

No management letter was issued.

GREATER LAFOURCHE PORT COMMISSION
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended December 31, 1998

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

1998-1, Reconciliation of Investments

We agree with our auditors and have implemented the procedures they have recommended to properly reconcile investments and accrued interest recorded on the general ledger.

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

Not applicable.

SECTION III MANAGEMENT LETTER

No management letter was issued.