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GALLIANO, LOUISIANA

Financial Reports

December 31, 2003

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

Release Date: 7-28-04

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Financial Reports

December 31, 2003

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— CERTIFIED PUBLIC ACCOUNTANTS —  
A PROFESSIONAL CORPORATION

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MEMBER

**INDEPENDENT AUDITORS' REPORT**

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, 2003 and 2002, 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 those financial statements based on our audit.

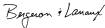
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 2003 and 2002 and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 26, 2004 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. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

May 28, 2004

A handwritten signature in cursive script, reading "Bergeron + Lamont".

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA  
BALANCE SHEETS  
ENTERPRISE FUND  
December 31, 2003 and 2002

	2003	2002
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 10,770,188	\$ 10,481,910
Investments, at market value	1,777,770	1,553,410
Receivables:		
Grants receivable from other government units	282,328	1,223,888
Ad valorem taxes	1,373,032	1,341,580
Lease rentals	65,291	47,492
State revenue sharing	35,216	35,090
Accrued interest	9,055	4,887
Other	10,204	9,389
Prepaid lease expense	176,903	93,278
Prepaid insurance	54,947	64,592
Resale inventory	10,520	-
	14,602,870	14,862,527
<b>RESTRICTED ASSETS</b>		
Cash	1,148,088	1,148,041
Total restricted cash	1,148,088	1,148,041
<b>FIXED ASSETS</b>		
Property, plant, and equipment	69,295,782	64,158,043
Less accumulated depreciation	(11,738,038)	(10,262,744)
Fixed asset, net	57,557,744	53,895,299
Total assets	\$ 73,268,474	\$ 69,905,797

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA  
BALANCE SHEETS, CONTINUED  
ENTERPRISE FUND  
December 31, 2003 and 2002

	2003	2002
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 873,764	\$ 1,115,177
Interest payable	31,703	43,267
Deferred revenues:		
Advance payment of leases	2,244,940	10,625,733
Deferred grant revenues	861,079	-
Current maturities of long-term debt	675,000	620,000
Other current liabilities	8,846	235,453
Total current liabilities	11,289,332	12,639,730
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, less current maturities	635,000	1,505,000
Compensated absences	108,793	95,918
Total long-term liabilities	743,793	1,601,918
Total liabilities	12,033,125	14,241,648
<b>EQUITY</b>		
Contributed capital	28,778,848	28,348,201
Retained earnings:		
Reserved	1,146,099	1,146,941
Unreserved	20,807,780	25,125,667
Total retained earnings	21,953,879	26,272,608
Total equity	50,732,727	54,620,809
Total liabilities and equity	\$ 72,765,852	\$ 68,862,457

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA  
STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN EQUITY  
ENTERPRISE FUND  
Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Operating revenues:		
Lease rental	\$ 9,904,071	\$ 7,294,000
Loading dock fees	200,948	100,010
Utility sales	15,508	14,892
Fuel sales	48,938	-
Other	81,478	15,889
Total operating revenue	<u>9,248,944</u>	<u>7,389,392</u>
Operating expenses:		
Personnel services	2,032,190	1,645,787
Maintenance, supplies, and operation of facilities	1,217,668	1,329,499
Lease expense - Port Fourchon	951,557	1,144,042
Other operating expense	702,660	368,682
Depreciation and amortization	1,536,017	1,270,653
Total operating expenses	<u>6,623,912</u>	<u>5,768,663</u>
Operating income (loss)	<u>2,625,032</u>	<u>1,620,729</u>
Nonoperating revenues (expenses):		
Ad valorem taxes (net of tax assessor's settlement and pension fund)	1,200,340	1,201,654
Intergovernmental revenue:		
State revenue sharing	35,210	35,050
Riccapital grants	307,799	1,199,596
Investment income	197,970	279,207
Interest expense	(2,545)	(20,555)
Hurricane damage repairs	(80,299)	(230,488)
Gain (loss) on disposal of fixed assets	(1,693)	2,137
Net nonoperating revenues	<u>1,829,882</u>	<u>2,544,856</u>
Net income	4,722,013	4,165,585
Add depreciation on fixed assets acquired with federal and state grants	<u>704,697</u>	<u>623,973</u>
Increase in retained earnings	5,426,910	4,777,138

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA  
STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN EQUITY, CONTINUED  
ENTERPRISE FUND  
Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Retained earnings - beginning of year	28,288,848	21,489,810
Retained earnings - end of year	<u>31,753,858</u>	<u>28,288,848</u>
Contributed capital - beginning of year	28,348,201	23,348,175
Add capital grants	197,844	6,024,005
Less depreciation	<u>(754,887)</u>	<u>(623,879)</u>
Contributed capital - end of year	<u>28,778,848</u>	<u>29,348,201</u>
Equity - end of year	<u>\$ 60,532,706</u>	<u>\$ 58,637,049</u>



**GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN EQUITY - BUDGET AND ACTUAL  
ENTERPRISE FUND**

Year Ended December 31, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating revenues:</b>			
Lease rentals	\$ 8,084,800	\$ 8,084,871	\$ 79
Loading dock fees	209,000	200,848	(79,152)
Utility sales	8,000	18,808	7,808
Fuel sales	22,800	46,808	24,408
Other	-	81,478	81,478
<b>Total operating revenue</b>	<u>8,324,600</u>	<u>8,743,844</u>	<u>419,244</u>
<b>Operating expenses:</b>			
Personnel services	2,711,800	2,832,190	79,810
Maintenance, supplies, and operation of facilities	3,253,500	1,217,698	2,045,812
Lease expense - Port Fourchon	1,158,400	901,557	256,843
Other operating expense	418,000	702,680	(283,680)
Depreciation and amortization	1,800,000	1,526,817	(273,183)
<b>Total operating expenses</b>	<u>8,444,500</u>	<u>6,453,912</u>	<u>1,990,588</u>
<b>Operating income (loss)</b>	<u>879,580</u>	<u>2,889,932</u>	<u>2,010,352</u>
<b>Nonoperating revenues (expenses):</b>			
All values taxes (net of tax assessor's settlement and pension fund)	1,004,800	1,386,243	381,443
Intergovernmental revenue:			
State revenue sharing	33,800	36,216	2,216
Municipal grants	1,528,000	587,789	(1,230,211)
Investment income	380,800	187,870	(192,930)
Interest expense	(121,800)	(2,840)	128,964
Emergency Repairs Contingency	(2,080,000)	(80,268)	1,999,732
Gain (loss) on disposal of fixed assets	-	11,899	(11,899)
<b>Net nonoperating revenues</b>	<u>774,800</u>	<u>1,828,881</u>	<u>1,054,081</u>
<b>Net income</b>	<u>\$ 1,654,400</u>	<u>4,722,813</u>	<u>\$ 3,067,813</u>
<b>Add depreciation on fixed assets acquired with federal and state grants</b>		<u>764,627</u>	
<b>Increase in retained earnings</b>		<u>5,487,910</u>	
<b>Retained earnings - beginning of year</b>		<u>26,280,828</u>	
<b>Retained earnings - end of year</b>		<u>31,768,738</u>	
<b>Contributed capital - beginning of year</b>		<u>26,348,301</u>	
<b>Add capital grants</b>		<u>197,644</u>	
<b>Less depreciation</b>		<u>(754,987)</u>	
<b>Contributed capital - end of year</b>		<u>26,790,958</u>	
<b>Equity - end of year</b>		<u>\$ 58,559,696</u>	

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA  
STATEMENTS OF CASH FLOWS - ENTERPRISE FUND

Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ 2,826,832	\$ 1,806,480
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,536,817	1,270,000
Changes in assets and liabilities:		
(Increase) decrease in net receivables	(77,776)	188
(Increase) decrease in prepaid expenses and other assets	(76,540)	367,458
Increase (decrease) in accounts payable and accrued expenses	367,176	302,428
Increase (decrease) in advance payment of leases	(520,774)	145,458
(Increase) decrease in miscellaneous receivables	(8,885)	29,258
(Increase) decrease in inventory	(18,520)	-
Total adjustments	<u>1,200,445</u>	<u>2,126,777</u>
Net cash provided by operating activities	<u>4,028,877</u>	<u>3,744,177</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Tax receipts collected by other governments	1,248,311	1,248,485
Operating subsidies received from other governments	1,080,810	1,227,876
Payments for hurricane damage repair	<u>(60,898)</u>	<u>(230,485)</u>
Net cash provided by noncapital financing activities	<u>2,328,223</u>	<u>2,245,876</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Capital grants collected	419,206	6,428,878
Payments for capital acquisitions	(9,014,775)	(10,502,967)
Principal repayments on long-term debt	(680,000)	(575,000)
Interest paid net of interest capitalized	<u>(14,570)</u>	<u>(60,914)</u>
Net cash (used in) capital and related financing activities	<u>(8,290,879)</u>	<u>(7,609,999)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of equipment	8,767	8,362
Proceeds from sale and maturities of investments	1,721,712	1,621,676
Receipts of interest	176,560	227,741
Purchases of investments	<u>(1,260,233)</u>	<u>(862,632)</u>
Net cash provided by (used in) investing activities	<u>646,811</u>	<u>994,147</u>
Net change in cash and cash equivalents	277,433	(1,814,126)
Cash and cash equivalents:		
Beginning of the year	<u>11,635,681</u>	<u>13,280,876</u>
End of the year	<u>\$ 11,913,114</u>	<u>\$ 11,466,750</u>

See notes to financial statements.

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Notes to Financial Statements

1) Summary of Significant Accounting Policies

The financial statements of the Greater Lafourche Port Commission (Commission) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Commission's more significant accounting policies are described below.

- a) Reporting Entity. The Greater Lafourche Port Commission (Commission) was created under Louisiana Revised Statute 24:1851 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. The Commission also sponsors the Leonard Miller Jr. Airport in Galliano. Through this sponsorship, the Commission is responsible for the maintenance and operation of the airport.

This report includes all funds 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 Accounting. The Greater Lafourche Port Commission uses a proprietary fund to report on its financial position and results of operations. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities provided to outside parties are accounted for by an enterprise fund type of the proprietary fund. The Commission is accounted for as an enterprise fund.

- c) Basis of Accounting. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheets. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The Commission's financial statements are presented on the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

Operating income reported in the financial statements includes revenues and expenses related to the primary, continuing operations of the Commission. Principal operating revenues are charges to tenants for rent and utilities. Principal operating expenses are lease payments to landowners, maintenance of port facilities, the costs of providing police and fire protection services to tenants, administrative expenses and depreciation of capital assets.

The Governmental Accounting Standards Board (GASB) Statement Number 20 (effective for financial statements for periods beginning after December 15, 1993) provides guidance on accounting and financial reporting for proprietary fund types and allows proprietary fund types to choose one of two options in applying pronouncements issued by the Financial Accounting Standards Board (FASB) after November 30, 1989. The Greater Lafourche Port Commission has elected to use the first option for reporting its activities. This approach applies all GASB pronouncements and FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Changes to FASB statements and interpretations, APB opinions and ARBs issued after November 30, 1989, would not apply unless adopted by GASB.

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.

- d) Budgetary Accounting. Budgetary practices include public notice of the proposed notice of the proposed budgets, public inspection of the proposed budget and public hearings on the budgets. Budgets are prepared based on a flow of economic resources measurement focus as explained in note 1(c) above. Budgetary control is exercised at the fund level.

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

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.

- e) **Cash, Cash Equivalents and Investments.** Cash and cash equivalents include amounts in demand deposit accounts, money market accounts and investments in the Louisiana Asset Management Pool (LAMP).

Louisiana state statutes, as stipulated in R.S. 36:1271, authorize the Commission to invest in United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. The state statutes also authorize the Commission to invest in any other federally insured investment, or in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies. Investing is performed in accordance with investment policies complying with state statutes and those adopted by the Board of Commissioners.

Investments are stated at market value. Increases or decreases in the market value of investments are included as a component of investment income.

- f) **Receivables.** All receivables are recorded at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible.
- g) **Prepaid Expenses.** Payments made to vendors for services that will benefit periods beyond the current period are recorded as prepaid expenses.

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

- h) Restricted Assets. Certain resources are set aside for repayment of revenue bonds and general obligation bonds and for additions, extensions and improvements to Commission facilities. These resources are classified as restricted assets on the balance sheet because their use is limited by applicable covenants.

- i) Fixed Assets. Property constructed or acquired by purchase is stated at cost or estimated historical cost if actual historical cost is not available. Net interest costs are capitalized on major construction projects during the construction period. Total interest incurred was \$122,661 of which \$120,046 was capitalized for the year ended December 31, 2003, and \$183,783 of which \$154,127 was capitalized for the year ended December 31, 2002. Donated assets are valued at estimated fair value at the 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. Improvements are capitalized and depreciated over the remaining useful lives of related fixed assets, as applicable.

Depreciation is computed using the straight-line method over the following useful lives:

Buildings and marine construction	10 to 40 years
Machinery and equipment	5 to 10 years
Furniture and fixtures	5 to 20 years

- j) Interest Receivable. Interest receivable on time deposits is recorded as revenue in the year the interest is earned.

- k) Ad Valorem Taxes and Revenue Sharing. Ad valorem taxes and the related state revenue sharing (which is based on population and homebatches 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 15<sup>th</sup> of each year and become delinquent on December 31<sup>st</sup>. The taxes are generally collected in December of the current year.

The Commission's authorized and levied ad valorem tax millage rates for 2003 and 2002 were 6 mills and 6 mills, respectively. Total taxes levied

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

for the years ended December 31, 2003 and 2002 were \$1,446,927 and \$1,370,979 respectively.

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

- ii) Compensated Absence. 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, 2003 and 2002, \$108,793 and \$98,918, respectively, have been recorded as a long-term liability which represents that portion of estimated absence which will be taken or reimbursed after the balance sheet date.

- iii) Fund Equity. Contributed capital is recorded for capital grants and donated assets. Reserves of retained earnings represent those portions of retained earnings legally segregated for a specific future use.
- iv) Inventories. Inventories are stated at cost using the weighted average cost method of inventory valuation.
- v) Cash Flow Statement. All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the date of purchase, they have a maturity date no longer than three months.

2) Cash and Cash Equivalents

Under state law, the Commission's deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. The Commission's deposits were adequately secured.

The following chart presents bank balances as of December 31, 2003 and 2002. The deposits are listed in terms of risk involved. Category 1 represents those deposits insured (inclusive of FDIC) or collateralized with securities held by the Commission or its agent in the Commission's name. Category 2 represents

**GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA**

**Notes to Financial Statements, Continued**

deposits collateralized with securities held by pledging financial institution's trust department or agent in the Commission's name. Category 3 represents deposits uncollateralized including any securities held for the entity, but not in the Commission's name.

Cash and cash equivalents are reported on the balance sheets as follows:

December 31, 2023	Bank Balances				Carrying Amount
	Category			Total	
	1	2	3		
Cash and demand deposits	\$ 100,000	\$ -	\$ 798,372	\$ 898,372	\$ 925,673
Money market deposits	-	-	1,148,085	1,148,085	1,148,088
	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 1,946,457</u>	<u>\$ 1,866,457</u>	<u>1,873,761</u>
Units in Louisiana Asset Management Pool					<u>10,244,673</u>
Total cash and cash equivalents					<u>\$ 11,918,434</u>

December 31, 2022	Bank Balances				Carrying Amount
	Category			Total	
	1	2	3		
Cash and demand deposits	\$ 200,000	\$ -	\$ 1,026,190	\$ 1,226,190	\$ 268,187
Money market deposits	-	-	1,148,041	1,148,041	1,148,041
	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 2,174,231</u>	<u>\$ 2,374,231</u>	<u>1,416,228</u>
Units in Louisiana Asset Management Pool					<u>10,328,753</u>
Total cash and cash equivalents					<u>\$ 11,638,881</u>

	2023	2022
Cash assets:		
Cash and cash equivalents	\$ 10,779,166	\$ 10,491,919
Restricted assets:		
Cash	<u>1,148,088</u>	<u>1,148,941</u>
Total cash and cash equivalents	<u>\$ 11,928,254</u>	<u>\$ 11,638,861</u>



GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

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.

2) **Investments**

Investments are carried at market value and include certificates of deposit and U.S. Government Agency debt securities with original maturities of three months or more. The following chart presents investments at year end and categorized to give an indication of the level of risk assumed by the Commission. Category 1 includes investments that are insured or registered, or for which the securities are held by the Commission or its agent in the Commission's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department in the name of the Commission. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution or its agent but not in the name of the Commission.

December 31, 2003	Category			Carrying Value
	1	2	3	
Certificates of Deposit	\$ 200,000	\$ -	\$ 441,683	\$ 641,683
U.S. Government Agency Obligations	1,136,087	-	-	1,136,087
	<u>\$ 1,336,087</u>	<u>\$ -</u>	<u>\$ 441,683</u>	<u>\$ 1,777,770</u>
December 31, 2002	Category			Carrying Value
	1	2	3	
Certificates of Deposit	\$ 185,000	\$ -	\$ 333,168	\$ 518,168
U.S. Government Agency Obligations	1,120,242	-	-	1,120,242
	<u>\$ 1,305,242</u>	<u>\$ -</u>	<u>\$ 333,168</u>	<u>\$ 1,638,410</u>

**GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA**

**Notes to Financial Statements, Continued**

**4) Property, Plant, and Equipment**

A summary of changes in property, plant, and equipment for the years ended December 31, 2003 and 2002 follows:

	Balance 12/31/2002	Additions	Deletions and Transfers	Balance 12/31/03
Land	\$ 3,798,085	\$ 24,000	\$ -	\$ 3,822,085
Buildings	3,888,330	-	-	3,888,330
Port facilities and improvements	82,048,158	7,134,948	-	89,183,107
Furniture and office equipment	958,875	58,272	3,437	1,013,710
Vehicles, boats, and field equipment	1,193,140	287,884	82,888	1,408,136
Construction in process	8,868,723	4,891,858	7,315,812	6,444,770
	<u>64,138,043</u>	<u>12,856,944</u>	<u>7,407,097</u>	<u>89,597,990</u>
Less accumulated depreciation	<u>10,262,744</u>	<u>1,851,878</u>	<u>18,235</u>	<u>12,132,857</u>
<b>Totals</b>	<b><u>\$ 53,875,299</u></b>	<b><u>\$ 10,999,074</u></b>	<b><u>\$ 7,425,332</u></b>	<b><u>\$ 67,667,038</u></b>
	Balance 12/31/01	Additions	Deletions and Transfers	Balance 12/31/02
Land	\$ 3,822,085	\$ 1,889,388	\$ -	\$ 5,711,473
Buildings	3,818,491	189,838	-	4,008,329
Port facilities and improvements	52,153,515	10,505,351	8,868	62,660,004
Furniture and office equipment	147,148	18,800	3,270	162,678
Vehicles, boats, and field equipment	1,548,717	211,423	64,968	1,695,172
Construction in process	8,868,723	10,779,728	10,808,287	8,840,164
	<u>81,186,407</u>	<u>23,585,438</u>	<u>10,882,393</u>	<u>104,909,452</u>
Less accumulated depreciation	<u>2,041,582</u>	<u>1,292,083</u>	<u>70,821</u>	<u>3,404,486</u>
<b>Totals</b>	<b><u>\$ 79,144,825</u></b>	<b><u>\$ 22,293,355</u></b>	<b><u>\$ 10,953,214</u></b>	<b><u>\$ 101,487,961</u></b>

**GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA**

**Notes to Financial Statements, Continued**

Depreciation on fixed assets was \$1,551,570 for the year ended December 31, 2003, of which \$111,753 was capitalized and \$1,539,817 was charged to expense, and \$1,268,000 for the year ended December 31, 2002, of which \$21,100 was capitalized and \$1,270,900 was charged to expense.

**6) Long-Term Debt**

A summary of changes in bonds payable for the years ended December 31, 2003 and 2002 is as follows:

<u>Description of Bonds payable</u>	<u>Payable 12/31/2003</u>	<u>Issued</u>	<u>Retired</u>	<u>Payable 12/31/2002</u>
Revenue Bonds:				
Series 1993	\$ 585,000	\$ -	\$ (200,000)	\$ 290,000
Series 1996	<u>1,270,000</u>	<u>-</u>	<u>(200,000)</u>	<u>1,270,000</u>
	<u>\$ 2,125,000</u>	<u>\$ -</u>	<u>\$ (200,000)</u>	<u>\$ 1,550,000</u>

<u>Description of Bonds payable</u>	<u>Payable 12/31/2001</u>	<u>Issued</u>	<u>Retired</u>	<u>Payable 12/31/2002</u>
Revenue Bonds:				
Series 1993	\$ 795,000	\$ -	\$ (240,000)	\$ 555,000
Series 1996	<u>1,908,000</u>	<u>-</u>	<u>(200,000)</u>	<u>1,578,000</u>
	<u>\$ 2,703,000</u>	<u>\$ -</u>	<u>\$ (270,000)</u>	<u>\$ 2,125,000</u>

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

Bonds payable at December 31, 2003 and 2002 are represented by the following issues:

	2003	2002
<b>Revenue Refunding Bonds</b>		
\$2,140,000 Revenue Refunding Bonds (Port Fourchon Development) Series 1993; due in annual principal installments of \$200,000 to \$200,000 through September 1, 2004; interest payable semi-annually at 5% until September 1, 1999, and 5.1% thereafter until maturity.	\$ 200,000	\$ 555,000
<b>Port Facility Revenue Bonds</b>		
\$0,360,000 Port Facility Revenue Bonds (Port Fourchon Development) Series 1996; due in annual principal installments of \$295,000 to \$400,000 through September 1, 2009; interest payable semi-annually at 5.85% to 6.85% until maturity.	<u>1,215,000</u>	<u>1,670,000</u>
Total bonds payable	<u>\$ 1,505,000</u>	<u>\$ 2,125,000</u>

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

The annual requirements to amortize all debt outstanding as of December 31, 2003 are as follows:

Year Ending December 31,	Principal	Interest	Total
2004	\$ 670,000	\$ 95,138	\$ 765,138
2005	425,000	55,528	480,528
2006	430,000	29,886	459,886
	<u>\$ 1,525,000</u>	<u>\$ 179,552</u>	<u>\$ 1,684,552</u>

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

6) 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 2058. 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 \$124,710 and \$121,076 were included in lease expense of \$991,557 and \$1,144,942 for the years ended December 31, 2003 and 2002, respectively.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2003 for each of the next five years are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2004	\$ 128,561
2005	115,662
2006	116,345
2007	119,571
2008	122,960
Thereafter	<u>1,468,047</u>
Total minimum future rental payments	<u>\$ 1,751,086</u>

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

7) 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, 2003 and 2002 were sixty-six and fifty-six, respectively. The Commission received 38% of its lease revenues from one lessee for the year ended December 31, 2003 and 46% from one lessee for the year ended December 31, 2002. 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.

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

Based on existing leases at December 31, 2003, minimum lease rentals on non-cancelable leases to be received over the next five years are as follows:

Year Ending December 31,	Amount
2004	\$ 3,341,933
2005	1,793,994
2006	1,711,133
2007	974,128
2008	637,898
Total	<u>\$ 8,457,375</u>

8) 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 Employees' Retirement System, Post Office Box 44213 Baton Rouge, Louisiana 70804-4213, or by calling (225) 822-0900.

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 Commission's employer contribution for the LASERS is funded through annual appropriations.

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

Contributions required and made to the LASERS were as follows:

Fiscal year ended December 31,	2003	2002	2001
Member contribution	7.5%	7.5%	7.5%
Employer contribution	15.0%	14.1%	13.0%
Member contribution	\$ 77,913	\$ 63,178	\$ 54,230
Employer contribution	\$ 158,025	\$ 112,521	\$ 82,248

g) **Deferred Revenues**

Deferred revenue is comprised of prepaid lease rentals received of \$9,244,940 and deferred grant revenues of \$881,079 for the year ended December 31, 2003 and \$10,525,793 of prepaid lease rentals for the year ended December 31, 2002.

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

10) Contributed Capital

Changes in contributed capital, by source, during the years ended December 31, 2003 and 2002 are presented below:

	Balance 12/31/2002	2003 Changes		Balance 12/31/2003
		Additions	Depreciation	
Department of Housing and Urban Development	\$ 7,767	\$ -	\$ 3,766	\$ 3,766
State of Louisiana	25,070,514	107,544	656,820	25,070,139
EDA Grant	3,260,140	-	94,046	3,166,072
Lafourche Parish	181,000	-	4,589	176,487
Others	358,894	-	5,817	364,717
	<u>\$ 29,348,321</u>	<u>\$ 107,544</u>	<u>\$ 764,992</u>	<u>\$ 29,778,649</u>

	Balance 12/31/2001	2002 Changes		Balance 12/31/2002
		Additions	Depreciation	
Department of Housing and Urban Development	\$ 11,387	\$ -	\$ 3,680	\$ 7,587
State of Louisiana	20,783,884	9,321,235	947,815	25,037,514
EDA Grant	2,778,613	847,472	65,046	3,260,140
Lafourche Parish	91,813	91,843	2,380	181,000
Others	380,489	(53,789)	4,319	381,084
	<u>\$ 23,646,176</u>	<u>\$ 9,004,006</u>	<u>\$ 623,079</u>	<u>\$ 29,348,321</u>

The Greater Lafourche Port Commission participates in the Louisiana Department of Transportation and Development Ports Priorities Program. Certain capital projects, as approved by the Department of Transportation are funded in part by the State and the District. The 2003 and 2002 additions to capital grants, State of Louisiana, shown above, represent the State's share of Ports Priorities Projects.

11) Reserved/Retained Earnings

As of December 31, 2003 and 2002, retained earnings reserves represent amounts set aside for debt service in accordance with the bond indentures for the Series 1993 and Series 1995 bonds payable.



**GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA**

**Notes to Financial Statements, Continued**

**11) Noncash Investing and Financing Activities**

Noncash investing and financing activities for the years ended December 31, 2003 and 2002 follow:

	2003	2002
Unrealized gains(losses) on investments	\$ (14,881)	\$ (21,281)
Infrastructure improvements paid by other governments	\$ -	\$ (91,843)

**12) Construction Commitments**

At December 31, 2003, the Commission had the following commitments on construction and maintenance projects in progress:

<u>Project description</u>	<u>Estimated total cost</u>	<u>Costs incurred to date</u>	<u>Estimated % funded by other entities</u>
Security Camera System	\$ 1,250,000	\$ 31,102	10%
Northern Expansion W. Bulkhead	10,183,850	379,897	90%
Northern Expansion Dredging Slip B	1,816,368	197,040	97%
	<b>\$ 13,250,218</b>	<b>\$ 518,039</b>	

**14) 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 2003 and 2002, there were no claims in excess of insurance coverage.

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Schedule of Per Diems Paid Board Members

Year Ended December 31, 2003 and 2002

<u>Board Member</u>	<u>2003</u>	<u>2002</u>
Ervin J. Bruce	\$ 3,350	\$ 3,400
Harris Charanis	4,100	3,550
Harry Charanis	4,200	3,550
Wilbert Collins	4,100	3,500
Larry J. Griffin	4,200	3,550
Jimmy Lafont	4,200	3,550
Beau Martin	3,300	2,300
John J. Melancon, Sr.	4,200	3,550
Donald J. Vizier	4,200	3,100
	<u>\$ 35,900</u>	<u>\$ 30,150</u>

### Supplementary Information

**GREATER LAFOURCHE PORT COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2003**

We have audited the financial statements of the Greater Lafourche Port Commission as of and for the year ended December 31, 2003 and have issued our report thereon dated May 28, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2003 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 XX No

Reportable Conditions \_\_\_\_\_ Yes XX No

Compliance

Compliance Material to Financial Statements \_\_\_\_\_ Yes XX No

**b. Federal Awards - (Not applicable)**

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

**Section II Financial Statement Findings**

There were none.

**Section III Federal Award Findings and Questioned Costs**

Not Applicable.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the 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, 2003, and have issued our report thereon dated May 28, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### 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. 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 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. Under Louisiana Revised Statute 28:513, this report is distributed by the Legislative Auditor as a public document.

May 28, 2004



**GREATER LAFOURCHE PORT COMMISSION**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
For the Year Ended December 31, 2003

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENTS**

There were none reported for the year ended December 31, 2003.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO  
FEDERAL AWARDS**

There were none reported for the year ended December 31, 2003.

**SECTION III MANAGEMENT LETTER**

For the year ended December 31, 2003, we issued a management letter regarding the following matter:

***Collateral for Bank Deposits***

We recommended that management communicate collateral pledging requirements to all of its depository institutions and establish monitoring procedures to ensure that all unsecured deposits are properly secured at all times. The Commission believes it has resolved this issue and no further instances of noncompliance have been noted in the current year.

GREATER LAFOURCHE PORT COMMISSION  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
For the Year Ended December 31, 2003

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENT**

No findings were reported which required a response from management.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO  
FEDERAL AWARDS**

No findings were reported which require a response from management.

**SECTION III MANAGEMENT LETTER**

No management letter was issued for the year ended December 31, 2003.