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**GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA**

Financial Reports

December 31, 1999

Under provisions of state law, this report is a public document. A copy of the 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, where appropriate, at the office of the parish clerk of court.

Release Date 7/19/00

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Financial Reports

December 31, 1999

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— CERTIFIED PUBLIC ACCOUNTANTS —
A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S 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, 1999, 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, 1999 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

As disclosed in Note 16 to the financial statements, the Commission changed its financial reporting format during 1999.

In accordance with Government Auditing Standards, we have also issued our report dated May 25, 2000 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 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 Lafourche Port Commission.

Also, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general purpose financial statements. 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.

Bergeron & Lanoux

May 25, 2000

GREATER LAFOURCHE PORT COMMISSION
 GALLIANO, LOUISIANA
 BALANCE SHEET
 PROPRIETARY FUND
 December 31, 1999

	Enterprise Fund 1999
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 4,746,537
Investments, at market value	1,557,600
Receivables:	
Grants receivable from other government units	1,550,016
Ad valorem taxes	938,288
Lease rentals	33,308
State revenue sharing	35,100
Accrued interest	19,694
Prepaid lease expense	84,301
Prepaid insurance	22,912
Total current assets	8,987,756
RESTRICTED ASSETS	
Cash	936,640
Total restricted cash	936,640
FIXED ASSETS	
Property, plant, and equipment	37,193,466
Less accumulated depreciation	(6,727,198)
Fixed asset, net	30,466,268
Total assets	\$ 40,390,664

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA
BALANCE SHEET, CONTINUED
PROPRIETARY FUND
December 31, 1999

	Enterprise Fund 1999
LIABILITIES AND EQUITY	
CURRENT LIABILITIES	
Accounts payable	\$ 2,141,165
Interest payable	75,232
Deferred revenue:	
Advance payment of leases	2,305,992
Unearned grant advances	1,158,598
Current portion of long-term debt	500,000
Other current liabilities	1,417,690
	7,598,677
Total current liabilities	7,598,677
LONG-TERM LIABILITIES	
Long-term debt, less current maturities	3,235,000
Compensated absences	66,794
	3,301,794
Total long-term liabilities	3,301,794
Total liabilities	10,900,471
EQUITY	
Contributed capital	15,349,332
Retained earnings:	
Reserved	936,640
Unreserved	13,204,221
Total retained earnings	14,140,861
Total equity	29,490,193
Total liabilities and equity	\$ 40,390,664

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN EQUITY
PROPRIETARY FUND TYPE
Year Ended December 31, 1999

	Enterprise Fund <u>1999</u>
Operating revenues:	
Port lease rentals	\$ 4,987,158
Loading dock fees	52,138
Utility sales	13,412
Other	22,864
Total operating revenue	<u>5,075,572</u>
Operating expenses:	
Personnel services	1,170,434
Maintenance, supplies, and operation of facilities	2,853,388
Lease expense - Port Fourchon	586,817
Other operating expense	403,527
Depreciation and amortization	898,801
Total operating expenses	<u>5,912,967</u>
Operating (loss)	<u>(837,395)</u>
Nonoperating revenues (expenses):	
Ad valorem taxes (net of tax assessor's settlement and pension fund)	938,369
Intergovernmental revenue:	
State revenue sharing	44,176
Noncapital grants	2,603,967
Investment income	289,832
Interest expense	(243,351)
Hurricane damage repairs	(1,520,462)
Gain (loss) on disposal of fixed assets	(1,179)
Net nonoperating revenues	<u>2,111,352</u>
Net income	1,273,957

GREATER LAFOURCHE PORT COMMISSION
 GALLIANO, LOUISIANA
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN EQUITY, CONTINUED
 PROPRIETARY FUND TYPE
 Year Ended December 31, 1999

	Enterprise Fund 1999
Add depreciation on fixed assets acquired with federal and state grants	435,476
Increase in retained earnings	1,709,433
Retained earnings - beginning of year	12,431,428
Retained earnings - end of year	14,140,861
Contributed capital - beginning of year	10,350,160
Add capital grants	5,434,648
Less depreciation	(435,476)
Contributed capital - end of year	15,349,332
Equity - end of year	\$ 29,490,193

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND

For the Year Ended December 31, 1999

	Enterprise Fund 1999
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating (loss)	\$ (837,395)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation and amortization	898,801
Changes in assets and liabilities:	
(Increase) decrease in rent receivables	4,125
(Increase) decrease in prepaid expenses and other assets	(19,286)
Increase (decrease) in accounts payable and accrued expenses	394,645
Increase (decrease) in advance payment of leases	1,990,072
Total adjustments	3,268,357
Net cash provided by operating activities	2,430,962
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Tax receipts collected by other governments	899,201
Operating subsidies received from other governments	1,315,112
Payments for hurricane damage repair	(1,447,388)
Net cash provided by noncapital financing activities	766,925
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grants collected	6,780,896
Payments for capital acquisitions	(8,770,611)
Principal repayments on long-term debt	(465,000)
Interest paid	(252,093)
Net cash (used in) capital and related financing activities	(2,706,808)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale and maturities of investments	4,546,043
Receipts of interest	215,971
Purchases of investments	(4,002,667)
Net cash provided by investing activities	759,347
 Net change in cash and cash equivalents	1,250,426
 Cash and cash equivalents:	
Beginning of the year	4,432,751
End of the year	\$ 5,683,177

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 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 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 sheet. 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.

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 chose 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) 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. 39:1271, 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

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

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. Discounts and premiums on the purchase of investments are amortized over the life of the investment remaining from the date of purchase to the date of maturity.

- e) Receivables. All receivables are recorded at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible.
- f) Prepaid Expenses. Payments made to vendors for services that will benefit periods beyond the current period are recorded as prepaid expenses.
- g) 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.
- h) Fixed Assets. Property constructed or acquired by purchase is stated at cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair value at the time of donation. Infrastructure assets are not capitalized.

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

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

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

- 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. The Commission's authorized and levied as valorem tax millage rate for 1999 was 7.25. Total taxes levied for the year ended December 31, 1999 was \$1,052,614.

State revenue sharing monies are generally received by the Commission on the 15th day of December in the year of determination and the 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, 1999, \$66,794 has 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.

- l) 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.
- m) Cash Flows 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.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

2) Legal Compliance – Budget

Louisiana State Statutes, as stipulated in R.S. 39:1303, requires a budget be adopted for all political subdivisions of the state with a general fund or special revenue fund. As the Greater Lafourche Port Commission uses a proprietary fund to account for its financial position and results of operations, the Commission is not required to formally adopt a budget. A proprietary fund budget was not adopted for the year ended December 31, 1999.

3) 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 following chart presents bank balances as of December 31, 1999. 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 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.

Balances at December 31, 1999 were as follows:

	Bank Balances			Total	Carrying Amount
	1	2	3		
December 31, 1999					
Cash and demand deposits	\$ 100,000	\$ -	\$ 1,490,986	\$ 1,590,986	\$ 1,957,761
Money market deposits	100,000	-	836,640	936,640	936,640
	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 2,327,626</u>	<u>\$ 2,527,626</u>	2,894,401
Units in Louisiana Asset Management Pool					<u>2,788,776</u>
Total cash and cash equivalents					<u>\$ 5,683,177</u>

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

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

Cash assets:	
Cash and cash equivalents	\$ 4,746,537
Restricted assets:	
Cash	<u>936,640</u>
Total cash and cash equivalents	<u>\$ 5,683,177</u>

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.

On December 30, 1999, the Commission transferred funds from their LAMP account to a private third party account as agreed upon in a sale agreement. LAMP incorrectly transferred funds into a demand deposit account in the name of the Greater Lafourche Port Commission resulting in an underpledging of approximately \$1,400,000. On the January 3, 2000, the next consecutive business day, the Commission took corrective action and disbursed the funds to the seller.

4) 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 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.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

	Category			Carrying Value
	1	2	3	
December 31, 1999				
Certificates of Deposit	\$ 100,000	\$ -	\$ 282,992	\$ 382,992
U.S. Government Agency Obligations	1,174,608	-	-	1,174,608
	<u>\$ 1,274,608</u>	<u>\$ -</u>	<u>\$ 282,992</u>	<u>\$ 1,557,600</u>

5) Property, Plant, and Equipment

A summary of changes in property, plant, and equipment are as follows:

	Balance 12/31/98	Additions	Deletions and Transfers	Balance 12/31/99
Land	\$ 219,209	\$ 1,450,070	\$ -	\$ 1,669,279
Buildings	1,795,238	882,548	-	2,677,786
Port facilities and improvements	20,567,936	8,956,097	-	29,524,033
Furniture and office equipment	86,423	52,934	20,708	118,649
Vehicles, boats, and field equipment	730,930	118,394	7,226	842,098
Construction in process	3,180,279	9,025,307	9,843,965	2,361,621
	<u>\$ 26,580,015</u>	<u>\$ 20,485,350</u>	<u>\$ 9,871,899</u>	<u>\$ 37,193,466</u>
Less accumulated depreciation	5,836,426	898,801	8,029	6,727,198
Totals	<u>\$ 20,743,589</u>	<u>\$ 19,586,549</u>	<u>\$ 9,863,870</u>	<u>\$ 30,466,268</u>

Depreciation expense was \$898,801 for the year ended December 31, 1999.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

During the year ended December 31, 1999, the Commission acquired surface rights to certain land directly to the north of the existing Port for the purpose of future expansion. A substantial portion of those rights were acquired through the purchase of an undivided fifty-percent (50%) interest from one land owner and a long-term operating lease of the remaining undivided fifty-percent (50%) interest. The cost of the surface rights purchased are included in the schedule above. Future minimum lease payments are included in the amounts disclosed in Note 7.

6) Long-Term Debt

The following is a summary of bonds payable:

Description of Bonds payable	Payable 12/31/98	Issued	Retired	Payable 12/31/99	Year End 12/31/99 Interest Expense
Revenue Bonds:					
Series 1993	\$ 1,405,000	\$ -	\$ (185,000)	\$ 1,220,000	\$ 67,389
Series 1996	2,795,000	-	(280,000)	2,515,000	175,962
	<u>\$ 4,200,000</u>	<u>\$ -</u>	<u>\$ (465,000)</u>	<u>\$ 3,735,000</u>	<u>\$ 243,351</u>

Bonds payable at December 31, 1999 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 \$205,000 to \$290,000 through September 1, 2004; interest payable semi-annually at 5% until September 1, 1999, and 5.1% thereafter until maturity.

\$ 1,220,000

Port Facility Revenue Bonds

\$3,300,000 Port Facility Revenue Bonds (Port Fourchon Development) Series 1996; due in annual principal installments of \$295,000 to \$430,000 through September 1, 2006; interest payable semi-annually at 5.85% to 6.65% until maturity.

2,515,000

Total bonds payable

\$ 3,735,000

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

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

The annual requirements to amortize all debt outstanding as of December 31, 1999 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 3,735,000</u>	<u>\$ 898,299</u>	<u>\$ 4,633,299</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 \$62,000 were included in lease expense of \$586,817 for the year ended December 31, 1999.

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, 1999 for each of the next five years are as follows:

Year Ending December 31,	Amount
2000	\$ 116,154
2001	119,097
2002	121,876
2003	124,710
2004	128,080
Thereafter	1,644,341
Total minimum future rental payments	\$ 2,254,258

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, 1999, is forty-eight. The Commission received 34% of its lease revenues from two lessees for the year ended December 31, 1999. 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, 1999, minimum lease rentals on non-cancelable leases to be received over the next five years are as follows:

Year Ending December 31,	Amount
2000	\$ 4,338,361
2001	4,080,104
2002	3,284,338
2003	2,747,828
2004	2,155,711
Total	\$ 16,606,342

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

9) 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 (225) 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 <u>ended December 31,</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Member contribution	7.5%	7.5%	7.5%
Employer contribution	12.3%	12.4%	12.4%
Member contribution	\$ 48,996	\$ 38,975	\$ 38,004
Employer contribution	\$ 80,673	\$ 65,964	\$ 64,346

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

10) Deferred Revenues

Deferred revenue is comprised of the following:

	Deferred 12/31/99
Prepaid lease rentals received	\$ 2,305,992
Grant revenue from FEMA not yet earned	1,158,598
	\$ 3,464,590

11) Contributed Capital

Changes in contributed capital, by source, during the years ended December 31, 1999 are presented below:

	Balance 12/31/1998	1999 Changes		Balance 12/31/1999
		Additions	Depreciation	
Department of Housing and Urban Development	\$ 22,791	\$ -	\$ 3,798	\$ 18,993
State of Louisiana	8,110,243	5,277,671	338,628	13,049,286
EDA Grant	2,062,854	-	90,107	1,972,747
Others	154,272	156,977	2,943	308,306
	\$ 10,350,160	\$ 5,434,648	\$ 435,476	\$ 15,349,332

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 1999 additions to capital grants, State of Louisiana, shown above, represents the State's share of Ports Priorities Projects.

12) Reserved Retained Earnings

As of December 31, 1999, retained earnings reserves represent amounts set aside for debt service in accordance with the bond industries for the Series 1993 and Series 1996 bonds payable.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

13) Noncash Investing and Financing Activities

Noncash investing and financing activities for the year ended December 31, 1999 included unrealized losses on investments of \$61,530.

14) Construction Commitments

At December 31, 1999, 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>
E-Slip Phase III Part 2	\$ 3,809,794	\$ 770,869	80%
E-Slip Phase III Part 3	1,780,900	1,507,520	80%
LA 1 Highway Embankment	4,160,000	2,921,043	100%
Dredging of Belle Pass	1,645,402	61,261	90%
Breakwater & Jetty Repairs	1,458,196	1,412,780	90%
	<u>\$ 12,854,292</u>	<u>\$ 6,673,473</u>	

15) 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 1999, there were no claims in excess of insurance coverage.

16) Change in Reporting Format

The Commission changed its reporting format at the beginning of the year from governmental fund types (general, special revenue, debt service and capital projects funds) and account groups (general fixed assets and general long-term debt) to an enterprise fund. The Commission believes that this change is necessary due to the growth in leasing operations at the Port. The nature and extent of leasing operations at the Port closely resemble those of a commercial enterprise, and therefore, the reporting format, measurement focus and basis of accounting used by an enterprise fund better illustrate the financial position and results of operations of the Commission.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

Changes in previously reported fund balances to convert to enterprise fund equity are as follows:

	Fund Balance		Enterprise Fund Equity	
	Governmental Fund Types	Account Groups	Contributed Capital	Retained Earnings
Balance at December 31, 1998:				
General Fund	\$ 5,539,511	\$ -	\$ -	\$ -
Special Revenue Fund	2,365	-	-	-
Debt Service Fund	842,070	-	-	-
General Fixed Assets Account Group	-	26,580,015	-	-
Balances at December 31, 1998 as previously reported	6,383,946	26,580,015	-	-
Change in reporting format at beginning of year to convert to enterprise fund accounting:				
Transfer of balances in governmental fund types to retained earnings	(6,383,946)	-	-	6,383,946
Transfer asset cost from general fixed assets to enterprise fund	-	(26,580,015)	13,662,180	12,917,835
Record accumulated depreciation through December 31, 1998	-	-	(3,312,020)	(2,524,406)
Record bonds payable at December 31, 1998	-	-	-	(4,200,000)
Other adjustments	-	-	-	(145,947)
Net change at beginning of year to convert to enterprise fund	(6,383,946)	(26,580,015)	10,350,160	12,431,428
Balances at December 31, 1998 as restated	\$ -	\$ -	\$ 10,350,160	\$ 12,431,428

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Schedule of Per Diems Paid Board Members

Year Ended December 31, 1999

Board Member

Dudley A. Bernard	\$ 3,600
Ervin J. Bruce	3,450
Chester J. Cheramie	1,600
Harrison J. Cheramie, Jr.	3,600
Wilbert Collins	1,950
Vinton J. Crosby	2,850
Larry J. Griffin	3,550
John J. Melancon, Sr.	3,250
Rodney J. Terrebonne	3,600
Donald J. Vizier	<u>3,350</u>
	<u>\$ 30,800</u>

Supplementary Information

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Greater Lafourche Port Commission
 For the year ended December 31, 1999

Federal Granting Agency/Recipient State Agency/Grant Program	GRANT NUMBER	CFDA NUMBER	REVENUE REALIZED	EXPENDITURE AMOUNT
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>				
<u>Pass through payment from State Department of Military Affairs:</u>				
<u>Public Assistance Grants:</u>				
Rock Jetty Repairs, Cost Over-Run	573406	83.544	\$ 87,936	\$ 87,936
Rock Jetty Repair	589049	83.544	199,751	199,751
Emergency Levee Repairs	589050	83.544	2,881	2,881
Public Beach Washout	589052	83.544	20,335	20,335
Erosion of Roadway Embankment	589053	83.544	442	442
Aggregate Road Washout	589054	83.544	3,815	3,815
Sediment in Roadside Ditches	589055	83.544	866	866
Security Patrols, Search and Rescue	589068	83.544	9,107	9,107
Man Made Channel Clearance	589069	83.544	46,773	46,773
Sediments on Public Property	589070	83.544	6,607	6,607
Emergency Levee Repairs	589081	83.544	2,353	2,353
Levee Damage	589082	83.544	6,619	6,619
Repairs to Breakwater Barges	589090	83.544	755,865	755,865
Total - Federal Emergency Management Agency			<u>1,143,350</u>	<u>1,143,350</u>
Total program expenditures			<u>\$ 1,143,350</u>	<u>\$ 1,143,350</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Greater Lafourche Port Commission and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

GREATER LAFOURCHE PORT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 1999

A) SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Greater Lafourche Port Commission.
2. No reportable conditions relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the Greater Lafourche Port Commission were disclosed during an audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report Compliance with Requirement Applicable to its Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award program for the Greater Lafourche Port Commission expresses an unqualified opinion.
6. No findings regarding the reporting compliance requirement relative to the major federal award program for the Greater Lafourche Port Commission are reported in Part C of this Schedule.
7. The program tested as a major program is:

FEMA Public Assistance Grant	CFDA# 83.544
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8. The threshold for distinguishing Types A and B programs was \$300,000.
9. *The Greater Lafourche Port Commission was not determined to be a low-risk auditee.*

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

GREATER LAFOURCHE PORT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 1999

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD
PROGRAMS AUDIT

None

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Bergeron & Lanoux

— CERTIFIED PUBLIC ACCOUNTANTS —

A PROFESSIONAL CORPORATION

CLAUDE E. BERGERON, CPA
THOMAS J. LANAUX, CPA
MICHAEL D. BERGERON, CPA
MARK S. FELGER, CPA

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, 1999, and have issued our report thereon dated May 25, 2000. 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. 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, the Legislative Auditor for the State of Louisiana, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bergeron & Lanoux

May 25, 2000

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Greater Lafourche Port Commission
Galliano, Louisiana

Compliance

We have audited the compliance of the Greater Lafourche Port Commission with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 "Compliance Supplement" that are applicable to its major federal program for the year ended December 31, 1999. The Greater Lafourche Port Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major program is the responsibility of the Greater Lafourche Port Commission's management. Our responsibility is to express an opinion on the Greater Lafourche Port Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Greater Lafourche Port Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide legal determination on the Greater Lafourche Port Commission's compliance with those requirements.

In our opinion, the Greater Lafourche Port Commission complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999.

Internal Control Over Compliance

The management of the Greater Lafourche Port Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Greater Lafourche Port Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance 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, the Legislative Auditor for the State of Louisiana, federal awarding agencies and pass-through entities and is not to be and should not be used by anyone other than these specified parties.

Bergeron & Lanoux

May 25, 2000

GREATER LAFOURCHE PORT COMMISSION
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 1999

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

There were none reported for the year ended December 31, 1998.

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

Not applicable for the year ended December 31, 1998.

SECTION III MANAGEMENT LETTER

No management letter was issued for the year ended December 31, 1998.

GREATER LAFOURCHE PORT COMMISSION
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended December 31, 1999

**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

Not applicable.