

## **Terrebonne Port Commission**

Annual Financial Report  
As of and for the  
Year Ended December 31, 2012

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Annual Financial Report  
As of and for the Year Ended December 31, 2012

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners  
Terrebonne Port Commission  
Terrebonne Parish Consolidated Government  
Houma, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Terrebonne Port Commission (the Commission), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the presentation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the



To the Board of Commissioners  
Terrebonne Port Commission  
Terrebonne Parish Consolidated Government  
Houma, Louisiana

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also involves evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Terrebonne Port Commission as of December 31, 2012, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The schedule of



To the Board of Commissioners  
Terrebonne Port Commission  
Terrebonne Parish Consolidated Government  
Houma, Louisiana

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

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2013, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.



Houma, Louisiana  
June 19, 2013

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis  
December 31, 2012

As management of the Terrebonne Port Commission (the Commission), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Port for the year ended December 31, 2012.

**NEW ACCOUNTING PRONOUNCEMENT IMPLEMENTED**

The Commission implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* in fiscal year 2012. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of net position and related disclosures. The reader will note a change in terminology from "net assets" to "net position".

**FINANCIAL HIGHLIGHTS**

- The Port Commission's assets exceeded its liabilities by \$71,295,546 (net position) as of December 31, 2012.
- The Commission's total net position increased by \$20,318,777.
- The Port Commission received federal, state, and local contributions totaling \$22,044,817 for capital projects.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction to the Commission's basic financial statements. The Terrebonne Port Commission's basic financial statements consist of four components: 1) Statement of Net Position 2) Statement of Revenues, Expenses, and Change in Net Position, 3) Statement of Cash Flows, and 4) Notes to the Financial Statements.

**Statement of Net Position.** This statement presents the Terrebonne Port Commission's assets and liabilities, with the difference of assets and liabilities reported as net position. The fluctuation in net position can be used as an indication of whether the financial position of the Commission is improving or deteriorating.

**Statement of Revenues, Expenses, and Change in Fund Net Position.** Consistent with the full accrual basis method of accounting, this statement accounts for current year revenues and expenses regardless of when cash is received or paid. The statement also exhibits the relationship of revenues and expenses with the change in net position.

**Statement of Cash Flows.** The statement of cash flows illustrates the cash inflows and outflows of the Terrebonne Port Commission.

**Notes to the Financial Statements.** The accompanying notes provide additional information essential to a full understanding of the data provided in the basic financial statements.



**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis  
December 31, 2012

**BASIC FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the Commission, assets exceeded liabilities by \$71,295,546 at the close of the most recent year, December 31, 2012. The largest portion of the Commission's total assets is net capital assets (90%).

**The Commission's Net Position**

	<b>December 31, 2012</b>	<b>December 31, 2011</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents - unrestricted	\$ 339,581	\$ 371,172
Cash and cash equivalents - restricted	4,638,789	5,002,041
Due from other governmental units	2,665,588	1,236,187
Receivables	4,953	82,925
Prepaid insurance	12,536	14,208
Capital assets, net of accumulated depreciation	70,360,774	48,530,344
Total assets	78,022,221	55,236,877
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued expenses	3,707,013	2,426,042
Due to Terrebonne Parish Consolidated Government	11,733	11,978
Post-employment benefits obligation	21,067	15,226
Certificates of indebtedness		
Due within one year	209,300	94,862
Due in more than one year	2,777,562	1,712,000
Total liabilities	6,726,675	4,260,108
<b>NET POSITION</b>		
Net investment in capital assets	67,373,912	46,723,481
Restricted	4,638,789	5,002,041
Unrestricted	(717,155)	(748,753)
Total net position	\$ 71,295,546	\$ 50,976,769

- Total assets increased by \$22,785,344 and total liabilities increased by \$2,466,567.
- The increase in assets is attributable to an increase in net capital assets of \$21,830,430.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis  
December 31, 2012

During the year, the Commission's net position increased by \$20,318,777. The elements of the increase are as follows:

**The Commission's Change in Net Position**

	<u>Year Ended December 31, 2012</u>	<u>Year Ended December 31, 2011</u>
<b>REVENUES</b>		
Rental fees	\$ 393,172	\$ 399,482
Dry dock rental fees	120,000	120,000
Bulkhead rental fees	36,000	36,000
Miscellaneous income	2,094	-
Administrative and legal income	1,239	1,000
Intergovernmental	-	18,461
Total revenues	<u>552,505</u>	<u>574,943</u>
<b>OPERATING EXPENSES</b>		
Depreciation	1,639,017	1,489,581
Other services and charges	324,131	224,776
Personal services	207,853	201,032
Repairs and maintenance	25,048	15,368
Supplies and materials	6,463	5,224
Other	-	5,435
Total expenses	<u>2,202,512</u>	<u>1,941,416</u>
<b>OTHER INCOME (EXPENSE)</b>		
Gain (loss) on disposal of assets	159,908	(93)
Interest income	1,409	1,007
Real estate contribution	-	2,875,000
Interest expense	(237,350)	(172,678)
Total other income (expense)	<u>(76,033)</u>	<u>2,703,236</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	(1,726,040)	1,336,763
<b>CAPITAL CONTRIBUTIONS</b>	<u>22,044,817</u>	<u>8,177,773</u>
<b>INCREASE IN NET POSITION</b>	<u>\$ 20,318,777</u>	<u>\$ 9,514,536</u>

As indicated above, net position increased by \$20,318,777. This increase is primarily due to capital contributions of \$22,044,817. The capital contributions consist of federal, state, and local monies received for the dry dock, building renovations, and road access projects.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis  
December 31, 2012

**The Commission's Cash Flows**

	<u>Year Ended December 31, 2012</u>	<u>Year Ended December 31, 2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from other governments	\$ -	\$ 18,461
Cash received from tenants	627,144	491,614
Cash received from other sources	3,333	1,000
Cash paid to employees and suppliers	<u>(552,864)</u>	<u>(452,531)</u>
Net cash flows provided by operating activities	<u>77,613</u>	<u>58,544</u>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>		
Investment income	<u>1,409</u>	<u>1,007</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(22,191,839)	(2,567,810)
Proceeds from disposal of capital assets	159,908	-
Capital contributions	20,615,416	7,793,436
Proceeds from certificate of indebtedness	1,180,000	93,763
Principal payment on certificate of indebtedness	-	(90,000)
Interest payments on certificates of indebtedness	<u>(237,350)</u>	<u>(172,678)</u>
Net cash flows provided by (used in) capital and related financing activities	<u>(473,865)</u>	<u>5,056,711</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>\$ (394,843)</u>	<u>\$ 5,116,262</u>

- Total cash and cash equivalents decreased by \$394,843.

**REQUEST FOR INFORMATION**

This financial report is designed to provide general overview of the Commission's finances for all those with such an interest. Call the Port Commission office (985-873-6428) and ask for David Rabalais, Port Director, if you should have any further questions concerning any of the information provided in this report or have a request for additional financial information.



**FINANCIAL STATEMENTS**

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government  
Proprietary Fund – Enterprise Fund

Statement of Net Position  
December 31, 2012

**ASSETS**

Current Assets

Cash and cash equivalents - unrestricted	\$ 339,581
Cash and cash equivalents - restricted	4,638,789
Due from other governmental units	2,665,588
Receivables	4,953
Prepaid insurance	12,536
Total current assets	<u>7,661,447</u>

Capital assets, net of accumulated  
depreciation of \$5,289,645

70,360,774

**TOTAL ASSETS**

78,022,221

**LIABILITIES**

Current Liabilities

Accounts payable and accrued expenses	3,707,013
Due to Terrebonne Parish Consolidated Government	11,733
Total current liabilities	<u>3,718,746</u>

Post-employment benefits obligation

21,067

Certificates of indebtedness

Due within one year	209,300
Due in more than one year	2,777,562
	<u>2,986,862</u>

**TOTAL LIABILITIES**

6,726,675

**NET POSITION**

Net investment in capital assets	67,373,912
Restricted	4,638,789
Unrestricted	<u>(717,155)</u>

**TOTAL NET POSITION**

\$ 71,295,546

The accompanying notes are an integral part of this statement.

**Terrebonne Port Commission**  
 Terrebonne Parish Consolidated Government  
 Proprietary Fund – Enterprise Fund

Statement of Revenues, Expenses,  
 and Change in Net Position  
 For the Year Ended December 31, 2012

**REVENUES**

Rental fees	\$ 393,172
Dry dock rental fees	120,000
Bulkhead rental fees	36,000
Miscellaneous income	2,094
Administrative income	1,239

<b>TOTAL REVENUES</b>	552,505
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**EXPENSES**

Depreciation	1,639,017
Other services and charges	324,131
Personal services	207,853
Repairs and maintenance	25,048
Supplies and materials	6,463

<b>TOTAL EXPENSES</b>	2,202,512
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<b>OPERATING LOSS</b>	(1,650,007)
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**OTHER INCOME (EXPENSE)**

Gain on disposal of capital assets	159,908
Interest income	1,409
Interest expense	(237,350)

<b>TOTAL OTHER EXPENSE</b>	(76,033)
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<b>LOSS BEFORE CONTRIBUTIONS</b>	(1,726,040)
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<b>CAPITAL CONTRIBUTIONS (NOTE 5)</b>	22,044,817
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<b>CHANGE IN NET POSITION</b>	20,318,777
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<b>NET POSITION - Beginning</b>	50,976,769
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<b>NET POSITION - Ending</b>	\$ 71,295,546
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The accompanying notes are an integral part of this statement.



**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government  
Proprietary Fund – Enterprise Fund

Statement of Cash Flows  
For the Year Ended December 31, 2012

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from tenants	\$ 627,144
Cash received from other sources	3,333
Cash paid to employees and suppliers	<u>(552,864)</u>
Net cash flows provided by operating activities	<u>77,613</u>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>	
Investment income received	<u>1,409</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	(22,191,839)
Proceeds from disposal of capital assets	159,908
Capital contributions	20,615,416
Proceeds from certificate of indebtedness	1,180,000
Interest payments on certificates of indebtedness	<u>(237,350)</u>
Net cash flows used in capital and related financing activities	<u>(473,865)</u>
Net decrease in cash and cash equivalents	(394,843)
<b>CASH AND CASH EQUIVALENTS, beginning</b>	<u>5,373,213</u>
<b>CASH AND CASH EQUIVALENTS, ending</b>	<u><u>\$ 4,978,370</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (1,650,007)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	1,639,017
Decrease in:	
Receivables	77,972
Prepaid insurance	1,672
Increase in:	
Accounts payable and accrued expenses	3,118
Post-employment benefits obligation	<u>5,841</u>
Net cash flows provided by operating activities	<u><u>\$ 77,613</u></u>
<b>NONCASH OPERATING AND INVESTING ACTIVITIES:</b>	
Purchases of capital assets included in accounts payable	<u><u>\$ 3,684,004</u></u>

The accompanying notes are an integral part of this statement.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Terrebonne Port Commission was created by the City of Houma and the Terrebonne Parish Police Jury in 1964, as authorized by Louisiana Revised Statute 34:2201. On January 9, 1984, after a vote of the citizens of Terrebonne Parish, the City of Houma and the Terrebonne Parish Police Jury were consolidated to form the Terrebonne Parish Consolidated Government. The Port Commission is governed by a seven-member board. The Terrebonne Parish Consolidated Government appoints all members, two of which are nominated by the Parish President. The Port Commission is responsible for maintaining, operating, and developing the Terrebonne Port, located on the Houma Navigation Canal within one-mile of its intersection with the Gulf Intracoastal Waterway. The Port Commission is also responsible for maintaining and improving the waterways of Terrebonne Parish.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

**A. REPORTING ENTITY**

Because the Consolidated Government appoints the governing board and can therefore impose its will, the Terrebonne Port Commission was determined to be a component unit of the Terrebonne Parish Consolidated Government, the governing body of the Parish and the governmental body with financial accountability.

The accompanying financial statements present information only on the funds maintained by the Commission and do not present information on the consolidated government, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

The Commission has reviewed all of its activities and determined that there are no potential component units that should be included in its financial statements.

**B. METHOD OF ACCOUNTING**

GASB statements established standards for external financial reporting for all state and local governmental entities which includes a statement of net position and a statement of revenues, expenses and change in net position. It requires the classification of net



**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

The basic financial statements of the Commission are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

**C. FUND TYPES**

The Terrebonne Port Commission is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, net position, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed primarily through user charges.

**D. BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Enterprise Fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recorded when they are incurred.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**E. RECENTLY ISSUED AND ADOPTED ACCOUNTING PRONOUNCEMENT**

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of net position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components: assets, deferred outflows of resources, liabilities and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

**F. BAD DEBTS**

The financial statements of the Commission contain no allowance for bad debts. Uncollectible amounts are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the Commission.

**G. CASH AND CASH EQUIVALENTS**

The Commission considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

**H. CAPITAL ASSETS**

Capital assets of the Port Commission, excluding donated property and equipment, are valued at cost. All donated property and equipment are recorded at estimated fair market value on the date of the donation. Assets are capitalized if costs exceed \$500 and if they have an estimated useful life of at least one year. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Capital assets reported on the statement of net position are net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of the individual asset. Estimated useful lives of assets range from 5 to 40 years.



**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

I. OTHER POST-EMPLOYMENT BENEFITS

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pensions*, requires governments to accrue postemployment benefits to the extent it is probable the employer will provide benefits conditioned on the employees' retirement. The Commission has recorded liabilities for postemployment health care benefits as of December 31, 2012.

The postemployment benefits liability is recorded as a long-term obligation and allocated to expenses on a functional basis.

J. ACCUMULATED VACATION AND SICK LEAVE

Upon separation of employment, employees are compensated for accumulated vacation leave at the employee's current rate of pay. As of December 31, 2012, employees had accumulated \$8,617 of employee leave benefits. Sick leave is not a vested benefit and will not be paid upon termination.

K. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – DEPOSITS**

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 another state in the Union, or the laws of the United States.

State law also requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. 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 political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 2 – DEPOSITS (Cont).**

The year end balances of deposits are as follows:

	<u>Bank Balance</u>	<u>Reported Amount</u>
Cash	\$5,056,731	\$4,978,370

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission has a written policy for custodial credit risk. As of December 31, 2012, \$4,806,431 of the Commission's bank balance of \$5,056,731 was exposed to credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Commission's name.

Cash was adequately collateralized in accordance with state law by Federal Deposit Insurance Corporation (FDIC) coverage and by securities held by an unaffiliated bank for the account of the Commission. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers the securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

At December 31, 2012, \$4,638,789 of the Commission's deposits was restricted. The contributor of such funds restricted the use to the dry dock construction project only.

**NOTE 3 – DUE FROM OTHER GOVERNMENTAL UNITS**

As of December 31, 2012, due from other governmental units consists of \$2,619,403 due from the Terrebonne Parish Consolidated Government and \$46,185 due from the U. S. Department of Commerce/Economic Development Administration.



**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 4 – CAPITAL ASSETS**

A summary of changes in capital assets follows:

	Balance January 1, 2012	Additions/ Reclassifications	Deletions/ Reclassifications	Balance December 31, 2012
Land	\$ 1,023,474	\$ -	\$ -	\$ 1,023,474
Land improvements	39,672	-	-	39,672
Equipment	14,124	28,849	-	42,973
Buildings	2,875,000	1,335,030	-	4,210,030
Infrastructure	45,541,047	5,095	(173,247)	45,372,895
Construction in progress	2,687,655	22,100,473	173,247	24,961,375
	<u>52,180,972</u>	<u>23,469,447</u>	<u>-</u>	<u>75,650,419</u>
Less accumulated depreciation	(3,650,628)	(1,639,017)	-	(5,289,645)
Totals	<u>\$48,530,344</u>	<u>\$ 21,830,430</u>	<u>\$ -</u>	<u>\$ 70,360,774</u>

**NOTE 5 – CAPITAL CONTRIBUTIONS FROM OTHER GOVERNMENTS**

The Commission is the sponsoring entity to a cooperative endeavor agreement entered into between the Louisiana Economic Development Corporation (LED) and a shipbuilding company (the Company) who expanded its facilities in Terrebonne Parish. Under this agreement, the Company was awarded \$4,000,000 from LED to be expended on infrastructure improvements. If certain new job creation criteria are achieved by the Company within program timelines, the award will be considered a grant. If such program guidelines are not met, the award is considered a loan which must be repaid. As the sponsoring entity, the Commission is responsible for administrative duties related to the agreement as well as monitoring the Company's compliance with program objectives. At the completion of the project (December 31, 2015), the Commission will have a Contract Compliance Audit performed.

The Commission entered into an agreement with the State of Louisiana, Department of Transportation and Development (DOTD). The DOTD agrees to pay the Commission an amount not to exceed ninety percent (90%) of the amount of eligible project costs approved by the Legislature. The maximum state funding is \$9,000,000.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 5 – CAPITAL CONTRIBUTIONS FROM OTHER GOVERNMENTS (Cont.)**

The improvement that is to be undertaken under this agreement shall be port improvements consisting of the construction of a dry dock facility with the approximate dimensions of 320 feet by 126 feet and a lift capacity of approximately 9,000 short tons. Related to this project, the Commission also entered into a sub-recipient agreement with the Terrebonne Parish Consolidated Government. The Parish shall make available to the Port up to the gross amount of \$10,000,000 under the Community Development Block Grant (CDBG) Disaster Recovery program. The total cost of this project is \$29,556,000, which includes \$19,000,000 from these two contracts and a local match of \$11,000,000 (\$5,000,000 initially and \$6,000,000 thereafter as needed). On August 5, 2011, the local match of \$5,000,000 was deposited into the Commission's escrow account. Under the escrow agreement, the escrow agent shall invest the escrow amount in an interest-bearing money market account. All interest income shall be paid to the company who made the local match monthly or as may be agreed upon. That company will also be reimbursed by the Commission with additional money from the DOTD, not to exceed \$6,000,000.

During the year ended December 31, 2012, \$21,991,325 of capital contributions from other governments and local match were received related to these agreements.

The Commission requested reimbursement from the U. S. Department of Commerce/Economic Development Administration in the amount of \$53,492 for the access road project.

The Commission has retained an independent certified public accounting firm (unrelated to its independent auditors) to assist in the administration of these agreements.

**NOTE 6 – LEASE REVENUE**

On July 5, 2012, the Commission entered into a written lease agreement with an unrelated party for property for the purpose of erecting and/or maintaining an advertising structure including the necessary devices, power poles, and connections. The term of the lease is for two years beginning June 1, 2012 and ending May 31, 2014. The lease automatically renews at the end of the two year lease term. The unrelated party agrees to pay the Commission the sum of \$500 semiannually. Payments are due on the first day of June and December of each calendar year. Total rental income for 2012 is \$500. Future minimum rental income from this lease is \$1,000 for 2013.

The Commission leases various parcels of land located at the port to industrial and business concerns. These are noncancelable leases with obligated terms ranging from ten to twenty years. The operating lease income for the year ended December 31, 2012 was \$392,672.



**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 6 – LEASE REVENUE**

The following is a schedule of future minimum rental income from noncancelable operating revenue leases as of December 31, 2012:

<u>Year Ending December 31,</u>	
2013	\$ 423,433
2014	423,433
2015	358,954
2016	335,553
2017	184,092
Thereafter	<u>347,104</u>
	<u>\$ 2,072,569</u>

The Commission leases bulkhead space and a dry dock to a company under a written agreement. The noncancelable lease is for twenty-five years. The operating lease income for the year ended December 31, 2012 was \$156,000.

The following is a schedule of future minimum rental income from this noncancelable operating revenue lease as of December 31, 2012:

<u>Year Ending December 31,</u>	
2013	\$ 306,000
2014	576,000
2015	576,000
2016	576,000
2017	576,000
Thereafter	<u>11,808,000</u>
	<u>\$ 14,418,000</u>

**NOTE 7 – OPERATING LEASE**

On May 1, 2010, the Commission entered into a written lease agreement with an unrelated party for the office space from which it operates. The term of the lease was for two years beginning May 1, 2010 and ending April 30, 2012. The written agreement includes monthly payments of \$1,074 through April 30, 2012 and \$1,138 beginning in August 2012. The lease includes an annual automatic renewal provision upon mutual agreement by both parties. For each succeeding year, the rent shall be the base rent of \$1,138 plus a

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 7 – OPERATING LEASE (Cont.)**

percentage increase corresponding to the increase in the most recent available Consumer Price Index. Total rent expense for 2012 is \$13,210.

The future minimum rental payments required under this lease through April 30, 2013 total \$4,552.

**NOTE 8 – POST-EMPLOYMENT BENEFITS**

The Commission's employees are offered post-employment hospitalization and life insurance benefits under a defined benefit healthcare plan provided and administered by the Terrebonne Parish Consolidated Government. The Commission's liability related to the plan as of December 31, 2012 is \$21,067. Plan information, including actuarial valuation information and funding status, can be found in the annual financial report of the Terrebonne Parish Consolidated Government.

**NOTE 9 – CERTIFICATES OF INDEBTEDNESS**

As of December 31, 2012, the Commission had an outstanding certificate of indebtedness totaling \$1,806,862. The certificate bears interest at 6.65% and is payable through July 1, 2024. The certificate is secured by a pledge and dedication of the excess of annual revenues above statutory, necessary and usual charges in each of the fiscal years during which the certificate is outstanding.

As of December 31, 2012, the Commission had a second outstanding certificate of indebtedness totaling \$1,180,000. The certificate bears interest at 4.75% and is payable through April 1, 2024. The certificate is secured by a pledge and dedication of the annual revenues above statutory, necessary and usual charges in each of the fiscal years during which the certificate is outstanding.

The following is a summary of changes in the certificates of indebtedness of the Commission for the year ended December 31, 2012:

	<u>Certificates of Indebtedness</u>
Payable as of January 1, 2012	\$ 1,806,862
Debt incurred	1,180,000
Debt retired	<u>-</u>
Payable as of December 31, 2012	<u>\$ 2,986,862</u>

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 9 – CERTIFICATES OF INDEBTEDNESS (Cont.)**

The requirements to amortize the certificates of indebtedness outstanding as of December 31, 2012 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 209,300	\$ 139,812	\$ 349,112
2014	224,000	184,670	408,670
2015	238,500	171,935	410,435
2016	248,200	158,331	406,531
2017	267,700	144,057	411,757
Thereafter	<u>1,799,162</u>	<u>531,711</u>	<u>2,330,873</u>
Totals	<u>\$ 2,986,862</u>	<u>\$ 1,330,516</u>	<u>\$ 4,317,378</u>

**NOTE 10 – PENSION PLAN**

Employees of the Terrebonne Parish Consolidated Government are members of the Parochial Employees' Retirement System (PERS). Membership in the retirement system is compulsory at date of employment. Membership is cancelled only by death, resignation, or retirement. Retirement benefits are based upon PERS provisions in place at the time of retirement. Retirement expense for the year ended December 31, 2012 was \$15,060.

**NOTE 11 – COMPENSATION OF BOARD MEMBERS**

As provided by Louisiana Revised Statute 2:603, the Commissioners have elected to use the monthly meeting method of compensation. Under this method, the chairman and other board members receive a payment for each meeting attended with a limit of two paid meetings per month. Effective September 1, 2012, the board members receive \$60 per meeting. The compensation is included in personal services expense on the statement of revenues, expenses, and change in net position. The following amounts were paid to commissioners for the year ended December 31, 2012:

Andrew Blanchard	\$ 240
Dan Davis	240
Edward Rome	180
Don Hingle	60
Chris Erny	-
Charles Giglio	-
Ray Sick	-
Total	<u>\$ 720</u>



**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 12 – RISK MANAGEMENT**

The Commission is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to the public; and natural disasters for which the Commission carries commercial insurance or other insurance for the losses to which it is exposed. No settlements were made during the year that exceeded the Commission's insurance coverage. The Commission's premiums for general liability are based on various factors such as its operations and maintenance budget, exposure, and claims experience.

**NOTE 13 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through June 19, 2013, which is the date the financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

On February 28, 2013, the Commission entered into a cooperative endeavor agreement with the State of Louisiana, Office of Facility Planning and Control. The Commission was awarded \$998,453 to be expended for slip dredging and improvements for the government multi-use complex.

The Commission is renovating the building it acquired on April 9, 2012 in preparation of it becoming leasable property. The United States of America (lessee) will pay rent to the Commission as follows:

	Years 1-10 <u>Annual Rent</u>	Years 11-15 <u>Annual Rent</u>
Shell rental rate	\$ 151,175	\$ 154,029
Tenant improvements rental rate	30,623	-
Operating costs	58,546	58,546
Building specific security costs	<u>3,203</u>	<u>-</u>
Total annual rent	<u>\$ 243,547</u>	<u>\$ 212,575</u>

This project is currently going out to bid for the renovations. Lease payments should begin by late 2013 or early 2014.

On April 12, 2013, the Terrebonne Port Commission authorized the incurring of two certificates of indebtedness, one for \$2,000,000 (interest rate of 2.75%) for the road paving project and one for \$1,500,000 (interest rate of 4.15%) for building renovations.



**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 15 – SUBSEQUENT EVENTS (Cont.)**

The requirements to amortize the \$2,000,000 certificate of indebtedness are as follows:

<u>Year</u>	<u>Principal Due</u>
2014	\$175,000
2015	180,000
2016	185,000
2017	190,000
2018	195,000
2019	205,000
2020	210,000
2021	215,000
2022	220,000
2023	225,000

The requirements to amortize the \$1,500,000 certificate of indebtedness are as follows:

<u>Year</u>	<u>Principal Due</u>
2014	\$125,000
2015	130,000
2016	135,000
2017	140,000
2018	145,000
2019	150,000
2020	160,000
2021	165,000
2022	170,000
2023	180,000

**OTHER REPORTS AND INFORMATION REQUIRED BY GAO & OMB**

**Martin  
and  
Pellegrin**

103 Ramey Road  
Houma, Louisiana 70360

*Certified Public Accountants  
(A Professional Corporation)*

Ph. (985) 851-3638  
Fax (985) 851-3951

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners  
Terrebonne Port Commission  
Terrebonne Parish Consolidated Government  
Houma, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Terrebonne Port Commission (the Commission), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Commission's financial statements, and have issued our report thereon dated June 19, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



To the Board of Commissioners  
Terrebonne Port Commission  
Terrebonne Parish Consolidated Government  
Houma, Louisiana

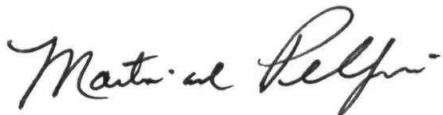
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might by material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended solely for the information and use of the Board of Commissioners, management, the State of Louisiana, pass-through grantors, and the Louisiana 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 24:513, this report is distributed by the Legislative Auditor as a public document.



Houma, Louisiana  
June 19, 2013

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Schedule of Findings and Responses  
For the Year Ended December 31, 2012

**Section I – Summary of Auditor’s Results**

1. The auditor’s report expresses an unqualified opinion on the basic financial statements of the Terrebonne Port Commission.
2. No deficiencies in internal control were noted during the audit of the financial statements.
3. No instances of noncompliance required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No deficiencies in internal control were noted during the audit of internal control over the major federal award program.
5. The auditor’s report on compliance for the major federal award program for the Terrebonne Port Commission expresses an unqualified opinion on the major federal program.
6. No audit findings relative to the major federal award program were noted.
7. The program tested as a major program was the U.S. Department of Housing and Urban Development/Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii, CFDA #14.228.
8. The threshold used for distinguishing between Type A and Type B programs was \$300,000.
9. The Terrebonne Port Commission did not qualify as a low-risk auditee.
10. A management letter was not issued.

**Section II – Financial Statement Findings**

No findings related to the basic financial statements of the Terrebonne Port Commission were noted during the audit.

**Section III – Internal Control Findings**

No findings related to the Terrebonne Port Commission’s internal control, which would be required to be reported in accordance with *Government Auditing Standards*, were noted during the audit.

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Schedule of Findings and Responses  
For the Year Ended December 31, 2012

**Section IV – Findings and Questioned Costs – Major Federal Award Program Audit**

No significant control deficiencies, findings, or questioned costs were noted during the audit of the major federal award program.



**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Schedule of Prior Findings and Responses  
For the Year Ended December 31, 2012

Note: All prior findings relate to the December 31, 2011 audit engagement.

**Section I – Internal Control and Compliance Material to the Financial Statements**

**Under Collateralization of Cash Deposits**

Condition: The Commission's cash deposits were under collateralized at its financial institution at times during the year ended December 31, 2011.

Recommendation: The management of the Commission should contact its fiscal agent when a significant deposit is to be made to ensure that deposits are fully collateralized at all times. As the fiscal agent monitors deposits versus collateralization only at the beginning of the month, management should adopt procedures whereby the monitoring of cash deposits, and related collateral, are more frequently performed to ensure that cash deposits are fully collateralized at all times.

Status: Resolved.

**No Budget Amendment**

Condition: The Commission did not amend its budget during the year in accordance with state budgetary law.

Recommendation: We recommend that the Commission comply with state law and amend its budget when there is a 5% unfavorable variance in revenues or expenditures.

Status: Resolved.

**Section II – Internal Control and Compliance Material to Federal Awards**

This section is not applicable.

**Section III – Management Letter**

This section is not applicable.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Commissioners  
Terrebonne Port Commission  
Terrebonne Parish Consolidated Government  
Houma, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited the Terrebonne Port Commission's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Commission's major federal program for the year ended December 31, 2012. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and responses.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Commission's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



To the Board of Commissioners  
Terrebonne Port Commission  
Terrebonne Parish Consolidated Government  
Houma, Louisiana

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

### ***Opinion on Major Federal Program***

In our opinion, the Terrebonne Port Commission, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2012.

### **Report on Internal Control Over Compliance**

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

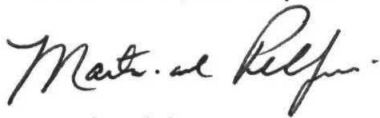
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that



To the Board of Commissioners  
Terrebonne Port Commission  
Terrebonne Parish Consolidated Government  
Houma, Louisiana

we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. This report is intended solely for the information and use of the Board of Commissioners, management, pass through grantors, the State of Louisiana, and the Louisiana 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 24:513, this report is distributed by the Legislative Auditor as a public document.



Houma, Louisiana  
June 19, 2013

**Terrebonne Port Commission**  
 Terrebonne Parish Consolidated Government

Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2012

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Contract Number	Federal Expenditures
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT/</u>			
<u>Pass-through payments from the Terrebonne Parish Consolidated Government</u>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	55DRLG7001	\$ 9,838,650 *
<u>DEPARTMENT OF COMMERCE/</u>			
<u>Pass-through payment from the Economic Development Administration</u>			
Investments for Public Works and Economic Development Facilities	11.300	08-01-04323	<u>53,492</u>
			<u>\$ 9,892,142</u>

\* Denotes a major program

**Terrebonne Port Commission**  
Terrebonne Parish Consolidated Government

Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2012

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Terrebonne 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 financial statements.

**NOTE B – DEFINITION OF A MAJOR PROGRAM**

The Single Audit Act defines a major program based on the total federal awards expended during the year.

**NOTE C – CFDA NUMBERS**

The CFDA numbers included in this report were determined based on the program name, review of grant contract information, and the OMB's Catalogue of Federal Domestic Assistance.