

**GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA**

**Financial Reports**

**December 31, 2005**

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 6-28-06

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Financial Reports

December 31, 2005

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Required Supplementary Information  
(Part I)

**Greater Lafourche Port Commission  
Galliano, Louisiana**

**Management's Discussion and Analysis  
Fiscal Year Ended December 31, 2005**

This introductory section of the Greater Lafourche Port Commission's (GLPC's) annual financial report presents a narrative overview and analysis of the GLPC's financial performance for the fiscal year ended December 31, 2005, with comparative information for the fiscal year ended December 31, 2004. The discussion is intended to assist the readers in focusing on the significant financial issues and activities of the GLPC and to identify any significant changes in financial position. We encourage readers to consider the information contained in this discussion in conjunction with the GLPC's financial statements along with associated notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

- Assets exceeded liabilities at the close of the fiscal year by \$87.7 million, which are reported as Net Assets. This is a 22% increase over 2004.
- Annual Operating Revenues grew by 12% to \$11.6 million over 2004 and are the highest in the port's history.
- Cash & Cash Equivalents increased by \$1.2 million or 12% over 2004.
- Operating Profits grew by 32% with an overall Net Income Before Capital Grants growth rate of 35% over 2004.
- Capital Grants for the fiscal year totaled over \$9.5 million. Non-capital and Maintenance Grants exceeded \$818,000.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion is to introduce the GLPC's financial statements. Since the GLPC charges general public customers for the services it provides, its activities are required to be reported as a proprietary fund and specifically in an enterprise fund format. Enterprise funds utilize accrual accounting, which is the same method used by private sector businesses. Accrual accounting means that financial activities are reported as soon as the underlying events take place regardless of the timing of related cash flows. The basic financial statements also include notes essential to a full understanding of the statements.

The "Statement of Net Assets" presents information on all of the GLPC's assets and liabilities, with the difference reported as net assets. The "Statement of Activities" shows how the GLPC's net assets changed during the fiscal year. The "Statement of Cash Flows" represents cash and cash equivalent activity for the fiscal year, resulting from operating, non-capital financing, capital financing and investing activities. The result of these activities is added to the beginning balance of cash and cash equivalents to reconcile to the ending balance of cash and cash equivalents at the end of the fiscal year.

**Greater Lafourche Port Commission  
Galliano, Louisiana**

**Management's Discussion and Analysis (Continued)  
Fiscal Year Ended December 31, 2005**

Taken together, these financial statements demonstrate how the GLPC's net assets have changed. Net assets are one way of assessing the GLPC's current financial condition. Increases or decreases in net assets are good indicators of whether the GLPC's financial health is improving or deteriorating over time. Other non-financial factors, such as, diversity in the local economy, are important in evaluating the GLPC's overall financial condition.

**FINANCIAL STATEMENTS**

<b>Statement of Net Assets</b>	<u>2005</u>	<u>2004</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<i>Assets:</i>				
Current Assets	\$ 19,016,813	\$ 15,781,966	\$ 3,234,847	20.5%
Restricted Assets	773,784	1,047,022	(273,238)	-26.1%
Capital Assets, Net	<u>77,144,109</u>	<u>65,046,518</u>	<u>12,097,591</u>	18.6%
 Total Assets	 96,934,706	 81,875,506	 15,059,200	 18.4%
<i>Liabilities:</i>				
Current Liabilities	9,067,324	9,384,379	(317,055)	-3.4%
Long Term Liabilities	<u>122,316</u>	<u>546,198</u>	<u>(423,882)</u>	-77.6%
 Total Liabilities	 9,189,640	 9,930,577	 (740,937)	 -7.5%
<i>Net Assets:</i>				
Invested in Capital Assets (Net of Related Debt)	76,714,109	64,211,518	12,502,591	19.5%
Restricted	773,784	1,047,022	(273,238)	-26.1%
Unrestricted	<u>10,257,172</u>	<u>6,686,389</u>	<u>3,570,783</u>	53.4%
 Total Net Assets	 <u>\$ 77,487,894</u>	 <u>\$ 65,258,540</u>	 <u>\$ 12,229,354</u>	 18.7%

The GLPC's current ratio is slightly over 2.0, which means that it has about double the amount of current resources available to meet its obligations coming due within the next fiscal year. A current ratio above 1.0 is a good sign of financial viability.

Of the \$9 million of current liabilities, \$6.6 million or 73%, are actually prepaid revenues from port lessees that have not yet been earned according to the accrual method of accounting.

The largest component of the GLPC's net assets (\$76.7 million or 87%) reflects its investment in capital assets (e.g. land, buildings, improvements, and equipment), less any related debt outstanding that was needed to acquire or construct the assets. \$773,784 of

**Greater Lafourche Port Commission  
Galliano, Louisiana**

**Management's Discussion and Analysis (Continued)  
Fiscal Year Ended December 31, 2005**

restricted net assets makes up about 1% of net assets. These dollars represent resources that are subject to external bond issuance restrictions. The remaining \$10.2 million or about 12% are unrestricted net assets and may be used at the GLPC's discretion in accordance with its enabling legislation.

<b>Statement of Activities</b>	<u>2005</u>	<u>2004</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<i>Operating Revenues:</i>				
Leases	\$ 10,907,122	\$ 9,801,928	\$ 1,105,194	11.3%
Other	766,656	620,374	146,282	23.6%
Total Operating Revenues	<u>11,673,778</u>	<u>10,422,302</u>	<u>1,251,476</u>	<u>12.0%</u>
<i>Operating Expenses:</i>				
Personnel Services	2,469,087	2,238,207	230,880	10.3%
Maintenance, Supplies, & Operation of Facilities	853,303	1,282,793	(429,490)	-33.5%
Lease Expense - Port Fourchon	1,412,410	1,231,777	180,633	14.7%
Other Operating Expenses	876,248	755,467	120,781	16.0%
Depreciation	2,067,417	1,903,943	163,474	8.6%
Total Operating Expense	<u>7,678,465</u>	<u>7,412,187</u>	<u>266,278</u>	<u>3.6%</u>
Operating Profit/(Loss)	3,995,313	3,010,115	985,198	32.7%
<i>Non-Operating Inc/(Exp):</i>				
Ad Valorem Taxes (Net of Tax Assessor's Settlement & Pension Fund)	1,727,919	1,388,530	339,389	24.4%
<i>Intergovernmental Revenue:</i>				
State Revenue Sharing	34,408	35,273	(865)	-2.5%
Non-Capital Grants	818,521	632,024	186,497	29.5%
Interest Earned	459,632	196,315	263,317	134.1%
Interest Expense	(87)	(3,780)	3,693	-97.7%
Hurricane Damage Repairs	(790,988)	(642,047)	(148,941)	23.2%
Gain/(Loss) on Disposal of Fixed Assets	47,694	7,759	39,935	514.7%
Other Miscellaneous Inc/(Exp)	-	9,824	(9,824)	-100.0%
Net Non-Operating Inc/(Exp)	<u>2,297,099</u>	<u>1,623,898</u>	<u>673,201</u>	<u>41.5%</u>
Income before Capital Grants	6,292,413	4,634,013	1,658,400	35.8%
Capital Grants	9,507,725	2,906,181	6,601,544	227.2%
Change in Net Assets	<u>15,800,137</u>	<u>7,540,194</u>	<u>8,259,943</u>	<u>109.5%</u>
Net Assets-Beginning of Year	71,944,929	60,532,706	11,412,223	18.9%
Retroactive Capitalization of Infrastructures, net	-	3,872,029	(3,872,029)	-100.0%
Net Assets-End of Year	<u>\$ 87,745,066</u>	<u>\$ 71,944,929</u>	<u>\$ 15,800,137</u>	<u>22.0%</u>

Operating revenues from leases are the GLPC's primary means of funding its ongoing operations. Lease revenues are generated from land and improvements either owned directly by the GLPC or leased to the GLPC by third party landowners.

**Greater Lafourche Port Commission  
Galliano, Louisiana**

**Management's Discussion and Analysis (Continued)  
Fiscal Year Ended December 31, 2005**

Operating expenses are costs born by the GLPC in providing to the public operations and maintenance of port properties along with providing harbor police security and general administration services.

2005's operating profit of nearly \$4 million constitutes a 34% operating profit margin. Non-operating income and expenses are items that are not derived from direct port operations such as the collection of ad valorem (property) taxes, financing & investment activities, and emergency contingencies such as damages caused by hurricanes. \$408,970 of damages from T/S Cindy and Hurricane's Katrina & Rita were recognized in 2005.

Bottom line is that the total 2005 Change in Net Assets is a positive \$15,800,137.

**NOTES TO THE FINANCIAL STATEMENTS**

<b>Capital Assets, Net</b>	<b>2005</b>	<b>2004</b>	<b>Dollar Change</b>	<b>Percentage Change</b>
Land	\$ 3,857,752	\$ 3,857,752	\$ -	0.0%
Buildings	4,228,728	4,352,947	(124,219)	-2.9%
Improvements	52,003,871	50,467,510	1,536,361	3.0%
Equipment	1,333,574	928,482	405,092	43.6%
Subtotal	<u>61,423,925</u>	<u>59,606,691</u>	<u>1,817,234</u>	<u>3.0%</u>
Construction in Progress	<u>15,720,184</u>	<u>5,439,827</u>	<u>10,280,357</u>	<u>189.0%</u>
<b>Total</b>	<b><u>\$ 77,144,109</u></b>	<b><u>\$ 65,046,518</u></b>	<b><u>\$ 12,097,591</u></b>	<b><u>18.6%</u></b>

Additions of capital assets totaled \$94,039, net of prior year costs transferred out of construction in progress. Capital construction projects totaling \$3,853,108 were completed and closed out of Construction in Progress during 2005. Some of the major projects, comprising 90% of the total, are described below.

• Northern Expansion Slip B Dredging	\$2,525,289
• Northern Expansion Site 602 Bulkhead Repair-Barrier	482,696
• Caterpillar 325 C L Pontoon Excavator	<u>445,797</u>
Total of 90%	<u>\$3,453,782</u>

88% of the \$15,720,184 in Construction in Progress are projects listed below:

• Northern Expansion Slip B West Bulkhead-James Const	\$ 6,838,031
• Northern Expansion Slip B West Bulkhead-Circle Const	4,751,203
• Security Camera System in Fourchon	1,144,362
• South Lafourche Airport Runway Extension	<u>1,117,737</u>
Total of 88%	<u>\$13,851,333</u>

**Greater Lafourche Port Commission  
Galliano, Louisiana**

**Management's Discussion and Analysis (Continued)  
Fiscal Year Ended December 31, 2005**

<b>Outstanding Bond Debt</b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>Dollar</u> <u>Change</u></b>	<b><u>Percentage</u> <u>Change</u></b>
Series 1996 Revenue Bonds	\$ 430,000	\$ 835,000	\$(405,000)	-48.5%

The existing Series 1996 Revenue Bond issue has one remaining principal payout of \$435,000 scheduled for September 2006.

**Budgetary Highlights**

The GLPC's 2006 budget projects operating revenues to remain constant. The reason for the flat projection is 100% utilization of existing bulkhead in 2005, and the completion of the bulkhead under construction projected toward the end of 2006.

Minimal scheduled increases to operating expenses are for expected inflationary issues.

\$10 million of capital budget dollars are expected to produce about 6000 feet of new port bulkhead. \$8 million is budgeted to protect 7,500 linear feet of Fourchon Beach from storm surge with 15 rock breakwaters. \$3 million of capital budget dollars are to expand our airport runway from 3800 feet to 6500 feet. To assist in these capital projects, the GLPC expects to receive about \$14.5 million in grants and funding from outside sources.

Cash position at year-end is projected to significantly decrease primarily due to GLPC's self-funded capital growth. This is a conscious strategic investment toward future year's revenue generation.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our residents, taxpayers, customers, creditors, and lenders with a general overview of the GLPC's finances and to demonstrate accountability to each of these groups. Questions concerning any information included in this report should be addressed to Director of Finance and Administration, Greater Lafourche Port Commission, P.O. Box 490, Galliano, LA 70354.

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# Lanaux & Felger

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A PROFESSIONAL CORPORATION

THOMAS J. LANAUX, CPA  
MARK S. FELGER, CPA

## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Greater Lafourche Port Commission  
Galliano, Louisiana

We have audited the accompanying general purpose financial statements of the Greater Lafourche Port Commission, as of and for the years ended December 31, 2005 and 2004, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Greater Lafourche Port Commission as of December 31, 2005 and 2004 and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

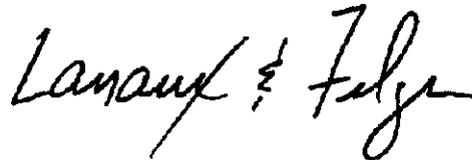
As discussed in note 1 of the financial statements, the Greater Lafourche Port Commission adopted provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for the State and Local Governments* for the year ended December 31, 2004.

Management's Discussion and Analysis on pages iii through vii is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated April 28, 2006 on our consideration of the Greater Lafourche Port Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

April 28, 2006

A handwritten signature in cursive script, appearing to read "Lanoux & Felger".

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA  
STATEMENTS OF NET ASSETS  
ENTERPRISE FUND  
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 11,811,690	\$ 10,294,956
Investments, at market value	2,286,088	2,277,138
Receivables:		
Grants receivable from other government units	2,412,094	1,220,394
Ad valorem taxes	1,731,587	1,362,246
Lease rentals	49,444	141,688
State revenue sharing	34,408	35,273
Accrued interest	26,983	11,613
Other	221,218	87,883
Prepaid lease expense	192,103	185,243
Prepaid insurance	226,717	141,316
Resale inventory	24,481	24,216
	<u>19,016,813</u>	<u>15,781,966</u>
<b>RESTRICTED ASSETS</b>		
Cash	<u>773,784</u>	<u>1,047,022</u>
	<u>773,784</u>	<u>1,047,022</u>
<b>FIXED ASSETS</b>		
Property, plant, and equipment	94,918,235	80,934,906
Less accumulated depreciation	<u>(17,774,126)</u>	<u>(15,888,388)</u>
Fixed asset, net	<u>77,144,109</u>	<u>65,046,518</u>
Total assets	<u>96,934,706</u>	<u>81,875,506</u>

See notes to financial statements.

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA  
STATEMENTS OF NET ASSETS, CONTINUED  
ENTERPRISE FUND  
December 31, 2005 and 2004

	2005	2004
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,898,660	\$ 803,518
Interest payable	9,579	18,560
Deferred revenue:		
Advance payment of leases	6,279,084	7,752,652
Deferred grant revenues	407,521	390,322
Current maturities of long-term debt	430,000	405,000
Other current liabilities	42,480	14,327
Total current liabilities	9,067,324	9,384,379
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, less current maturities	-	430,000
Accrued compensated absences	122,316	116,198
Total long-term liabilities	122,316	546,198
Total liabilities	9,189,640	9,930,577
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	76,714,109	64,211,518
Restricted for capital improvements	773,783	1,047,022
Unrestricted	10,257,174	6,686,389
Total net assets	\$ 87,745,066	\$ 71,944,929

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA  
STATEMENTS OF ACTIVITIES  
ENTERPRISE FUND  
Years Ended December 31, 2005 and 2004

	2005	2004
Operating revenues:		
Lease rental	\$ 10,907,122	\$ 9,801,928
Other user fees	285,200	374,685
Utility sales	23,358	20,190
Fuel sales	437,161	122,696
Other	20,937	102,803
Total operating revenue	11,673,778	10,422,302
Operating expenses:		
Personnel services	2,469,087	2,238,207
Maintenance, supplies, and operation of facilities	853,303	1,282,793
Lease expense - Port Fourchon	1,412,410	1,231,777
Other operating expense	876,248	755,467
Depreciation and amortization	2,067,417	1,903,943
Total operating expenses	7,678,465	7,412,187
Operating income (loss)	3,995,313	3,010,115
Nonoperating revenues (expenses):		
Ad valorem taxes (net of tax assessor's settlement and pension fund)	1,727,919	1,388,530
Intergovernmental revenue:		
State revenue sharing	34,408	35,273
Noncapital grants	818,521	632,024
Investment income	459,632	196,315
Interest expense	(87)	(3,780)
Emergency repairs contingency	(790,988)	(642,047)
Gain (loss) on disposal of fixed assets	47,694	7,759
Other operating revenues (expenses), net	-	9,824
Net nonoperating revenues	2,297,099	1,623,898
Change in net assets before capital contributions	6,292,412	4,634,013
Capital contributions	9,507,725	2,906,181
Change in net assets	15,800,137	7,540,194
Net assets, beginning of year	71,944,929	60,532,706
Retroactive capitalization of infrastructures, net	-	3,872,029
Net assets, end of year	\$ 87,745,066	\$ 71,944,929

See notes to financial statements.

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

Years Ended December 31, 2005 and 2004

	2005	2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from operations	\$ 10,084,057	\$ 8,217,720
Cash paid to employees	(2,469,087)	(2,238,207)
Payments for goods and services	(2,012,813)	(3,431,174)
Net Cash Flows from Operating Activities	5,602,157	2,548,339
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Tax receipts collected by other governments	1,358,578	1,399,906
Operating grants received from other governments	200,678	693,756
Payments for hurricane damage repair	(790,988)	(642,047)
Other nonoperating receipts	-	9,824
Net Cash Flows from Noncapital Financing Activities	768,268	1,461,439
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital grants collected	8,969,141	1,913,102
Payments for capital acquisitions	(14,195,313)	(5,516,722)
Principal repayments on long-term debt	(405,000)	(670,000)
Interest paid net of interest capitalized	(9,068)	(16,923)
Net Cash Flows from Capital and Related Financing Activities	(5,640,240)	(4,290,543)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of equipment	77,999	12,070
Proceeds from sale and maturities of investments	1,135,344	1,255,994
Receipts of interest	449,268	199,725
Purchases of investments	(1,149,300)	(1,761,330)
Net Cash Flows from Investing Activities	513,311	(293,541)
Net Change in Cash	1,243,496	(574,306)
Cash and cash equivalents, beginning of year	11,341,978	11,916,284
Cash and cash equivalents, end of year	\$ 12,585,474	\$ 11,341,978
<b>Reconciliation of Operating Income to Net Cash Flows from Operating Activities</b>		
Operating income (loss)	\$ 3,995,313	\$ 3,010,115
Add depreciation expense	2,067,417	1,903,943
(Increase)/Decrease in Current Assets:		
Rent receivables	92,244	(76,427)
Prepaid expenses	(92,261)	(94,929)
Miscellaneous receivables	(133,335)	(68,619)
Inventory	(265)	(5,696)
Increase/(Decrease) in Current Liabilities:		
Accounts payable and accrued expenses	1,129,413	(157,003)
Advance payment of leases	(1,456,369)	(1,963,045)
Net Cash Flows from Operating Activities	\$ 5,602,157	\$ 2,548,339

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) Change in Accounting Principles. Effective January 1, 2004, the Greater Lafourche Port Commission (Commission) adopted the provisions of Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued by the Governmental Accounting Standards Board. Adoption of this statement had no significant effect on the basic financial statements except for the reformatting of the financial statements and classification of net assets in accordance with this statement. Net assets – beginning of year as shown on the Statement of Revenues, Expenses, and Changes in Net Assets were restated in accordance with Statement No. 34.
- b) 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. The Commission also sponsors the Leonard Miller Jr. Airport in Galliano. Through this sponsorship, the Commission is responsible for the maintenance and operation of the airport.

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

- c) Basis of Presentation. As stated above, effective January 1, 2004, the Commission adopted the provisions of Statement No. 34. This statement established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

statement of cash flows. It requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- i. **Invested in capital assets, net of related debt:** This component of net assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Commission has \$430,000 debt attributable to its capital assets.
  - ii. **Restricted net assets:** This component of net assets consists of constraints imposed by creditors (such as through debt covenants), contributors, laws or regulations of other governments, or through constitutional provisions or enabling legislation.
  - iii. **Unrestricted net assets:** This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."
- d) **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.
- e) **Basis of Accounting.** The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheets. The 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.

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

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

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

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

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

**GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA**

**Notes to Financial Statements, Continued**

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

Encumbrance accounting is not utilized by the Commission.

- g) 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), which are stated at cost.

LAMP is administered by LAMP, Inc., a not-for-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and state-wide professional organizations. Only local governments within Louisiana may have an investment interest in LAMP's pool of assets. The LAMP portfolio includes only securities and other obligations in which local governments are invest under state law. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

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 limited to securities of the United States government or its agencies. Investing is performed in accordance with investment policies complying with state statutes and those adopted by the Board of Commissioners.

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

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

- h) Receivables. All receivables are recorded at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible.
- i) Prepaid Expenses. Payments made to vendors for services that will benefit periods beyond the current period are recorded as prepaid expenses.
- j) 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.
- k) Fixed Assets. Property constructed or acquired by purchase is stated at cost or estimated historical cost if actual historical cost is not available. General infrastructure assets acquired prior to January 1, 2004 consist of the road network and bridge assets that were acquired or that received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical cost using deflated replacement cost. Net interest costs are capitalized on major construction projects during the construction period. Total interest incurred was \$46,634 of which \$46,547 was capitalized for the year ended December 31, 2005, and \$85,745 of which \$81,965 was capitalized for the year ended December 31, 2004. Donated assets are valued at estimated fair value at the time of donation.

The costs of normal maintenance, dredging and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of related fixed assets, as applicable.

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

Buildings and marine construction	10 to 40 years
Infrastructure roads	40 years
Infrastructure bridges	50 years
Machinery and equipment	5 to 10 years
Furniture and fixtures	5 to 20 years

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

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

- m) 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 15<sup>th</sup> of each year and become delinquent on December 31<sup>st</sup>. The taxes are generally collected in December of the current year.

The Commission's authorized and levied ad valorem tax millage rates for 2005 and 2004 were 6.94 mills and 5.4 mills, respectively. Total taxes levied for the years ended December 31, 2005 and 2004 were \$1,817,767 and \$1,436,468 respectively.

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

- n) 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, 2005 and 2004, \$122,316 and \$116,198, respectively, have been recorded as a long-term liability which represents that portion of estimated absence which will be taken or reimbursed after the balance sheet date.

- o) Inventories. Inventories are stated at cost using the weighted average cost method of inventory valuation.
- p) 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) Cash and Cash Equivalents**

Cash and cash equivalents consist of the following at December 31:

	Carrying Amount	
	2005	2004
Cash and demand deposits	\$ 1,036,941	\$ 1,130,070
Money market deposits	773,784	1,047,022
Units in Louisiana Asset Management Pool	10,774,749	9,164,886
<b>Total cash and cash equivalents</b>	<b>\$ 12,585,474</b>	<b>\$ 11,341,978</b>

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

	2005	2004
<b>Current assets:</b>		
Cash and cash equivalents	\$ 11,811,690	\$ 10,294,956
<b>Restricted assets:</b>		
Cash	773,784	1,047,022
	<b>\$ 12,585,474</b>	<b>\$ 11,341,978</b>

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. At December 31, 2005, the Commission had deposit balances (bank balances) in excess of federal deposit insurance in the amount of \$2,299,923, which are secured by pledged securities held by the custodial bank but not in the name of the Commission. Even though the pledged securities are considered uncollateralized, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Commission that the fiscal agent has failed to pay deposited funds upon demand.

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.

**GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA**

**Notes to Financial Statements, Continued**

**3) 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. At December 31, 2005, the Commission had investments with maturities as follows:

Investment Type:	Fair Value	Maturities (in Years)	
		Less Than 1	1 to 3
Certificates of Deposit	\$ 1,100,000	\$ 1,100,000	\$ -
U.S. Treasuries	1,186,088	-	1,186,088
	<u>\$ 2,286,088</u>	<u>\$ 1,100,000</u>	<u>\$ 1,186,088</u>

**Interest Rate Risk.** The Commission's investment policy limits investment maturities to no more than three years as a means of managing its exposure to fair value losses resulting from rising interest rates.

**Custodial Credit Risk.** For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Commission would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Commission's \$1,100,000 investment in Certificates of Deposit, \$500,000 is secured by pledged securities held by the custodial bank but not in the name of the Commission. Even though the pledged securities are considered uncollateralized, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Commission that the fiscal agent has failed to pay deposited funds upon demand.

**Concentrations of Credit Risk.** The Commission places no limit on the amount it may invest in any one issuer. Investments of a single issuer representing more than 5 percent of the Commission's total investments at December 31, 2005 are as follows:

Investment Type	Issuer	%
Certificate of Deposit	South Lafourche Bank	17.5
Certificate of Deposit	State Bank	17.5

**GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA**

**Notes to Financial Statements, Continued**

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

A summary of changes in property, plant, and equipment for the years ended December 31, 2005 and 2004 follows:

	Balance 12/31/2004	Additions	Deletions and Transfers	Balance 12/31/2005
Land	\$ 3,857,752	\$ -	\$ -	\$ 3,857,752
Buildings	5,227,231	690	-	5,227,921
Port facilities and improvements	64,483,108	3,247,350	-	67,730,458
Furniture and office equipment	344,025	31,754	6,572	369,207
Vehicles, boats, and field equipment	1,582,953	667,352	237,602	2,012,713
Construction in process	5,439,827	14,133,464	3,853,107	15,720,184
	<u>80,934,906</u>	<u>18,080,610</u>	<u>4,097,281</u>	<u>94,918,235</u>
Less accumulated depreciation	<u>15,888,388</u>	<u>2,099,609</u>	<u>213,871</u>	<u>17,774,126</u>
<b>Totals</b>	<b><u>\$ 65,046,518</u></b>	<b><u>\$ 15,981,001</u></b>	<b><u>\$ 3,883,410</u></b>	<b><u>\$ 77,144,109</u></b>

	Balance 12/31/2003	Additions	Deletions and Transfers	Balance 12/31/2004
Land	\$ 3,823,065	\$ 34,687	\$ -	\$ 3,857,752
Buildings	3,088,330	2,138,901	-	5,227,231
Port facilities and improvements	63,375,774	1,107,334	-	64,483,108
Furniture and office equipment	247,510	119,250	22,735	344,025
Vehicles, boats, and field equipment	1,408,150	245,583	70,770	1,582,963
Construction in process	3,544,770	5,417,507	3,522,450	5,439,827
	<u>75,487,599</u>	<u>9,063,262</u>	<u>3,615,955</u>	<u>80,934,906</u>
Less accumulated depreciation	<u>14,057,864</u>	<u>1,919,535</u>	<u>89,011</u>	<u>15,888,388</u>
<b>Totals</b>	<b><u>\$ 61,429,735</u></b>	<b><u>\$ 7,143,727</u></b>	<b><u>\$ 3,526,944</u></b>	<b><u>\$ 65,046,518</u></b>

**GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA**

**Notes to Financial Statements, Continued**

Depreciation on fixed assets was \$2,099,607 for the year ended December 31, 2005, of which \$32,190 was capitalized and \$2,067,417 was charged to expense, and \$1,919,535 for the year ended December 31, 2004, of which \$15,591 was capitalized and \$1,903,944 was charged to expense.

**5) Long-Term Debt**

A summary of changes in bonds payable for the years ended December 31, 2005 and 2004 is as follows:

<u>Description of Bonds payable</u>	<u>Payable 12/31/2004</u>	<u>Issued</u>	<u>Retired</u>	<u>Payable 12/31/2005</u>
Revenue bonds:				
Series 1996	\$ 835,000	\$ -	\$ (405,000)	\$ 430,000
	<u>\$ 835,000</u>	<u>\$ -</u>	<u>\$ (405,000)</u>	<u>\$ 430,000</u>

<u>Description of Bonds payable</u>	<u>Payable 12/31/2003</u>	<u>Issued</u>	<u>Retired</u>	<u>Payable 12/31/2004</u>
Revenue bonds:				
Series 1993	\$ 290,000	\$ -	\$ (290,000)	\$ -
Series 1996	1,215,000	-	(380,000)	835,000
	<u>\$ 1,505,000</u>	<u>\$ -</u>	<u>\$ (670,000)</u>	<u>\$ 835,000</u>

**GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA**

**Notes to Financial Statements, Continued**

Bonds payable at December 31, 2005 and 2004 are represented by the following issues:

<u>Port Facility Revenue Bonds</u>	<u>2005</u>	<u>2004</u>
<b>\$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.</b>	<b><u>\$ 430,000</u></b>	<b><u>\$ 835,000</u></b>

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, 2005 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	<b><u>\$ 430,000</u></b>	<b><u>\$ 28,595</u></b>	<b><u>\$ 458,595</u></b>

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

6) Leases

The Commission leases the land on which Port Fourchon Industrial Park is built from four landowners under operating leases expiring in various years through 2056. 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 \$115,662 and \$128,501 were included in lease expense of \$1,412,410 and \$1,231,777 for the years ended December 31, 2005 and 2004, respectively.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2005 for each of the next five years are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2006	\$ 222,523
2007	228,549
2008	237,386
2009	246,664
2010	63,640
Thereafter	<u>1,036,191</u>
Total minimum future rental payments	<u>\$ 2,034,953</u>

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

7) Port Lease Rentals

The Commission leases sites situated on Port Fourchon to businesses operating primarily in the oil and gas and seafood industries. The number of lessees as of December 31, 2005 and 2004 was seventy-eight and sixty-six, respectively. The Commission received 34% of its lease revenues from one lessee for the years ended December 31, 2005 and 2004. In general, lease contracts state that in each year of the primary term or any extended option term, rental payments to the Port shall escalate at rates varying from 2% to 5% of the rental paid in the preceding year, unless other arrangements are negotiated.

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

Based on existing leases at December 31, 2005, minimum lease rentals on non-cancelable leases to be received over the next five years are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2006	\$ 4,342,197
2007	1,698,827
2008	1,400,488
2009	1,156,150
2010	<u>853,833</u>
Total	<u>\$ 9,451,495</u>

8) Pension Plan

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

Plan Description: The LASERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and disability benefits. Five years of service credit is required to become vested for survivor benefits. Benefits are established and amended by state statute. The LASERS issues a publicly available financial report that includes financial statements and required supplementary information for the LASERS. That report may be obtained by writing to the Louisiana State Employees' Retirement System, Post Office Box 44213 Baton Rouge, Louisiana 70804-4213, or by calling (225) 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:

**GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA**

**Notes to Financial Statements, Continued**

Fiscal year ended December 31,	2005	2004	2003
Member contribution	7.5%	7.5%	7.5%
Employer contribution	19.1%	17.8%	15.8%
Member contribution	\$ 84,506	\$ 79,942	\$ 77,913
Employer contribution	\$ 207,897	\$ 179,027	\$ 156,025

9) **Deferred Revenues**

Deferred revenue is comprised of prepaid lease rentals received of \$6,279,084 and deferred grant revenues of \$407,521 for the year ended December 31, 2005 and \$7,752,652 of prepaid lease rentals and \$390,322 deferred grant revenues for the year ended December 31, 2004.

10) **Restricted Net Assets**

As of December 31, 2005 and 2004, net asset restrictions represent amounts set aside for debt service in accordance with the bond indentures for the Series 1996 bonds payable.

11) **Noncash Investing and Financing Activities**

Noncash investing and financing activities for the years ended December 31, 2004 and 2003 follow:

	<u>2005</u>	<u>2004</u>
Unrealized gains(losses) on investments	<u>\$ (5,006)</u>	<u>\$ (5,968)</u>

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

12) Construction Commitments

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

2005			
Project description	Estimated total cost	Costs incurred to date	Estimated % funded by other entities
Northern Expansion Phase 1, Project 1, Bulkhead Slip B	\$ 10,193,880	\$ 6,838,031	61%
Northern Expansion Phase 1, Project 2, Bulkhead Slip B	10,193,880	4,751,203	90%
Runway Extension	9,361,500	1,117,737	98%
	<u>\$ 9,361,500</u>	<u>\$ 1,117,737</u>	

2004			
Project description	Estimated total cost	Costs incurred to date	Estimated % funded by other entities
Security Camera System	\$ 1,250,000	\$ 1,011,847	72%
Northern Expansion Dredging Slip B	2,525,289	2,525,289	62%
	<u>\$ 3,775,289</u>	<u>\$ 3,537,136</u>	

13) 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 2005 and 2004, there were no claims in excess of insurance coverage.

**Required Supplementary Information  
(Part II)**

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL  
ENTERPRISE FUND  
Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Operating revenues:			
Lease rentals	\$ 10,868,977	\$ 10,907,122	\$ 38,145
Loading dock fees	202,000	285,200	83,200
Utility sales	18,500	23,358	4,858
Fuel sales	103,621	437,161	333,540
Other	(4,530)	20,937	25,467
Total operating revenue	<u>11,188,568</u>	<u>11,673,778</u>	<u>485,210</u>
Operating expenses:			
Personnel services	2,523,001	2,469,087	53,914
Maintenance, supplies, and operation of facilities	4,716,956	853,303	3,863,653
Lease expense - Port Fourchon	1,411,591	1,412,410	(819)
Other operating expense	723,069	878,248	(153,179)
Depreciation and amortization	1,829,219	2,067,417	(238,198)
Total operating expenses	<u>11,203,836</u>	<u>7,678,485</u>	<u>3,525,371</u>
Operating income (loss)	<u>(15,268)</u>	<u>3,995,313</u>	<u>4,010,581</u>
Nonoperating revenues (expenses):			
Ad valorem taxes (net of tax assessor's settlement and pension fund)	1,363,027	1,727,919	364,892
Intergovernmental revenue:			
State revenue sharing	35,000	34,408	(592)
Noncapital grants	980,127	818,521	(161,606)
Investment income	164,000	459,632	295,632
Interest expense	(55,528)	(87)	55,441
Emergency repairs contingency	(3,000,000)	(790,988)	2,209,012
Gain (loss) on disposal of fixed assets	115,000	47,694	(67,306)
Net nonoperating revenues	<u>(398,374)</u>	<u>2,297,099</u>	<u>2,695,473</u>
Change in net assets before capital contributions	<u>\$ (413,842)</u>	<u>8,292,412</u>	<u>\$ 8,706,054</u>
Capital contributions		<u>9,507,725</u>	
Change in Net Assets		15,800,137	
Net Assets - beginning of year		<u>71,944,929</u>	
Net Assets - end of year		<u>\$ 87,745,066</u>	

**Supplementary Information and Reports**

GREATER LAFOURCHE PORT COMMISSION  
GALLIANO, LOUISIANA

## Schedule of Per Diems Paid Board Members

Year Ended December 31, 2005 and 2004

<u>Board Member</u>	<u>2005</u>	<u>2004</u>
Ervin J. Bruce	\$ 7,200	\$ 6,200
Harris Cheramie	7,200	7,200
Harry Cheramie	7,200	7,200
Wilbert Collins	7,200	6,900
Larry J. Griffin	7,200	7,200
Jimmy Lafont	7,200	7,200
Beau Martin	7,200	7,100
John J. Melancon, Sr.	7,200	7,200
Donald J. Vizier	6,900	7,200
	<u>\$ 64,500</u>	<u>\$ 63,400</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 Greater Lafourche Port Commission  
 Year ended December 31, 2005

Federal Granting Agency/Recipient State Agency/Grant Program	GRANT NUMBER	CFDA NUMBER	EXPENDITURE AMOUNT
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<u>Direct payment from Transportation Security Administration</u>			
Port Security Grant Program	DTSA20-03-G-01140	97.056	\$ 132,515
<u>Pass through payment from State Department of Military Affairs:</u>			
Public Assistance Grants	Various	97.036	775,464
Total - U.S. Department of Homeland Security			<u>907,979</u>
<u>DEPARTMENT OF COMMERCE</u>			
<u>Direct Payment from National Oceanic and Atmospheric Administration</u>			
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperataive Institutes	NA17Z1546	11.432	32,055
Total - Department of Commerce			<u>32,055</u>
<u>DEPARTMENT OF TRANSPORTATION</u>			
<u>Direct payments from Federal Aviation Administration</u>			
Airport Improvement Program	3-22-0067-006-2005	20.106	471,924
Total - Department of Transportation			<u>471,924</u>
Total program revenue and expenditures			<u>\$ 1,411,958</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, 2005**

**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 the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report Compliance with Requirements 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 relative to the major federal award program for the Greater Lafourche Port Commission are reported in Part C of this Schedule.
7. The programs tested as major programs are:

Department of Homeland Security	
Public Assistance Grants	CFDA# 97.036
Department of Transportation	
Federal Aviation Administration	CFDA# 20.106
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Greater Lafourche Port Commission was determined to be a low-risk auditee.

**B) FINDINGS – FINANCIAL STATEMENTS AUDIT**  
None

**C) FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**  
Not Applicable.

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# Lanaux & Felger

— CERTIFIED PUBLIC ACCOUNTANTS —  
A PROFESSIONAL CORPORATION

THOMAS J. LANAUX, 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 years ended December 31, 2005 and 2004, and have issued our report thereon dated April 28, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Greater Lafourche Port Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

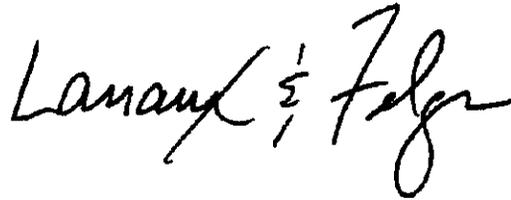
### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Greater Lafourche Port Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no

matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Greater Lafourche Port Commission, the State of Louisiana and the Legislative Auditor for the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

April 28, 2006

A handwritten signature in black ink, appearing to read "Lamont J. Felger". The signature is written in a cursive style with a large initial "L" and a distinct "F".

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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 programs for the year ended December 31, 2005. The Greater Lafourche Port Commission's major federal programs are 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 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 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.

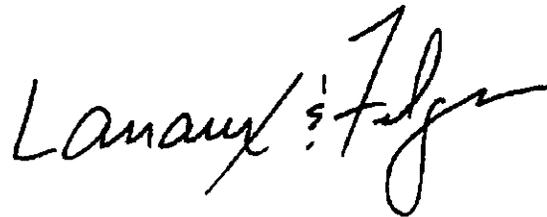
In our opinion, the Greater Lafourche Port Commission complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2005.

### 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 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



April 28, 2006

**GREATER LAFOURCHE PORT COMMISSION  
SCHEDULE OF PRIOR YEAR FINDINGS  
For the Year Ended December 31, 2005**

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

There were none reported for the year ended December 31, 2004.

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

There were none reported for the year ended December 31, 2004.

**SECTION III MANAGEMENT LETTER**

No management letter was issued for the year ended December 31, 2004.

**GREATER LAFOURCHE PORT COMMISSION  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
For the Year Ended December 31, 2005**

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

No findings were reported which required a response from management.

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

No findings were reported which require a response from management.

**SECTION III MANAGEMENT LETTER**

No management letter was issued for the year ended December 31, 2005.