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GREATER OUACHITA PORT COMMISSION
WEST MONROE, LOUISIANA

COMPREHENSIVE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2004

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

Release Date 7-20-05

GREATER OUACHITA PORT COMMISSION
DECEMBER 31, 2004

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June 29, 2005

INDEPENDENT AUDITORS' REPORT

To the Board of the
Greater Ouachita Port Commission
West Monroe, Louisiana

We have audited the accompanying component unit financial statements of the business-type activities of the Greater Ouachita Port Commission, as of and for the year ended December 31, 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and fund information for the Greater Ouachita Port Commission as of December 31, 2004, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2005, on our consideration of the Greater Ouachita 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 *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 3 through 4 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally 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.

Johnston, Perry, Johnson & Associates, L.L.P.

JOHNSTON, PERRY, JOHNSON & ASSOCIATES, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

GREATER OUACHITA PORT COMMISSION
FOR THE YEAR ENDED DECEMBER 31, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Greater Ouachita Port Commission's (the Commission) financial performance presents management's overview of the Port's financial activities for the year ended December 31, 2004. Please read it in conjunction with the Commission's financial statements.

FINANCIAL HIGHLIGHTS

For the year ended December 31, 2004, the Commission's Net Cash Provided by Operating Activities was \$1,173,653, compared to \$243,775 in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Commission operates as an enterprise fund and presents its financial statements using the accrual basis of accounting. As an enterprise fund, the Commission's basic financial statements include three components: Government-Wide Financial Statements, Fund Financial Statements, and Notes to the Financial Statements.

The Statement of Net Assets includes all of the Commission's assets and liabilities, with the difference between the two reported as net assets. Net assets are reported as unrestricted at December 31, 2004. The increases or decreases in the Commission's net assets are an indicator of whether its financial position is improving or deteriorating. The Statement of Net Assets provides a basis for evaluating the capital structure of the Commission, and assessing its liquidity and financial flexibility.

The Statement of Activities shows how the Commission's net assets changed during the year. All of the current year's revenues and expenses were recorded when the underlying transaction occurs, regardless of the timing of related cash flows. The Statement of Activities measures the Commission's performance over the last year, and whether the Commission recovered its costs through fees and other revenues.

The Statement of Cash Flows provides information regarding the Commission's cash receipts and cash disbursements during the year. The statement reports cash activity in three categories, cash flows from operations, and cash flows from investing activities. This statement accounts only for transactions that result in cash receipts and cash disbursements.

The Notes to the Financial Statements provide a description of the accounting policies used to prepare the financial statements and presents material disclosures required by accounting principles generally accepted in the United States of America that are not otherwise presented in the financial statements.

GREATER OUACHITA PORT COMMISSION
FOR THE YEAR ENDED DECEMBER 31, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

NET ASSETS

For the year ended December 31, 2004 net assets changed as follows:

Beginning Net Assets	247,204
Increase in Net Assets	<u>1,174,397</u>
Ending Net Assets (Of Which 1,382,019 is Invested in Capital Assets)	<u>1,421,601</u>

CHANGE IN NET ASSETS

Fixed Assets

During the year 2004, we constructed a rail spur on land owned by us. The cost of the spur, including development fees, was approximately 1.1 million dollars. We had no fixed assets in 2003.

The following schedule presents a summary of revenues and expenses for the fiscal years ended December 31, 2004 and 2003, and their percentage of total.

	<u>12/31/04</u>	%	<u>12/31/03</u>	%
	<u>12/31/04</u>	<u>12/31/04</u>	<u>12/31/03</u>	<u>12/31/03</u>
<u>Revenues</u>				
Grants	999,978	83.13	250,000	99.41
Donations	200,000	16.63	-	-
Other	<u>2,884</u>	<u>.24</u>	<u>1,483</u>	<u>.59</u>
<u>Total Revenues</u>	<u>1,202,862</u>	<u>100.00</u>	<u>251,483</u>	<u>100.00</u>
<u>Expenses</u>				
Insurance	8,010	28.14	-	-
Bank Charges	399	1.40	10	.02
Dues & Subscriptions	200	.70	200	3.21
Professional Fees	16,410	57.65	5,197	83.49
Travel & Entertainment	1,456	5.12	744	12.11
Miscellaneous	<u>1,990</u>	<u>6.99</u>	<u>74</u>	<u>1.17</u>
<u>Total Expenses</u>	<u>28,465</u>	<u>100.00</u>	<u>6,225</u>	<u>100.00</u>
<u>Excess Revenues</u>	<u>1,174,397</u>		<u>245,258</u>	

For the years ended December 31, 2004 and 2003, revenues exceeded expenses.

GREATER OUACHITA PORT COMMISSION
FOR THE YEAR ENDED DECEMBER 31, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)


Fixed Assets (Continued)

The Greater Ouachita Port Commission has been fortunate to receive funding necessary to construct, implement, and begin operating the initial phase of the port project. We have received a grant totaling \$1.0 million to construct a rail spur encompassing 1,000 linear feet. The current operation of this rail spur is to serve the outbound needs of Graphic Packaging of West Monroe. By implementing this project, the Commission has been able to assist the State of Louisiana in retaining over 500 jobs with Graphic Packaging.

Funding approval has been granted for the engineering and construction of our primary mode of transportation, the dock. Funding for this component of the port project was derived from the EDA for \$1.5 million, and a corresponding match from the State of Louisiana for \$1.0 million. Engineering has begun on this project, and the engineering phase should be complete by December 2005. We anticipate that Request for Proposals (RFP's) will be issued during the first quarter 2006, and contract award issued within the statutory guidelines. It is anticipated that the construction phase of the dock component will take approximately nine (9) months. Therefore, we anticipate dock traffic to commence by the end of calendar year 2006.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Commission's finances and to demonstrate the Commission's accountability for the financial resources it manages. If you have questions about this report or need additional financial information, contact the Greater Ouachita Port Commission, 103 Regency Place, West Monroe, Louisiana 71291.


Richard W. Guillot
President

GOVERNMENT-WIDE FINANCIAL STATEMENTS

GREATER OUACHITA PORT COMMISSION
STATEMENT OF NET ASSETS
DECEMBER 31, 2004

<u>ASSETS</u>	<u>Business-Type Activities</u>
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	39,582
<u>TOTAL CURRENT ASSETS</u>	<u>39,582</u>
<u>CAPITAL ASSETS</u>	
Land	200,000
Other Capital Assets, Net of Depreciation	1,182,019
<u>TOTAL CAPITAL ASSETS</u>	<u>1,382,019</u>
<u>TOTAL ASSETS</u>	<u>1,421,601</u>
<u>LIABILITIES AND NET ASSETS</u>	
<u>LIABILITIES</u>	
Current Liabilities	-
<u>TOTAL LIABILITIES</u>	<u>-0-</u>
<u>NET ASSETS</u>	
Unrestricted	39,582
Invested in Capital Assets	1,382,019
<u>TOTAL NET ASSETS</u>	<u>1,421,601</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>1,421,601</u>

The accompanying notes are an integral part of these financial statements.

GREATER OUACHITA PORT COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Business-Type Activities: Operating	<u>28,465</u>	<u>2,140</u>	<u>-0-</u>	<u>1,199,978</u>	1,173,653
			General Revenues:		
			Interest		563
			Miscellaneous		<u>181</u>
			<u>Total General Revenues</u>		<u>744</u>
			<u>Changes in Net Assets</u>		1,174,397
			<u>Net Assets - Beginning</u>		<u>247,204</u>
			<u>Net Assets - Ending</u>		<u>1,421,601</u>

The accompanying notes are an integral part of these financial statements.

GREATER OUACHITA PORT COMMISSION
STATEMENT OF CASH FLOWS
DECEMBER 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:

Net (Expenses) Revenue	1,173,653
Less: Non-Cash Revenues	(200,000)
Net Cash Provided by Operating Activities	<u>973,653</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Interest Income	563
Miscellaneous Income	181
Acquisition and Construction of Capital Assets	(1,182,019)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(1,181,275)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (207,622)

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR 247,204

CASH AND CASH EQUIVALENTS - END OF YEAR 39,582

NON-CASH ITEM

During the year, land with a value of \$200,000 was donated to the Commission.

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

GREATER OUACHITA PORT COMMISSION
BALANCE SHEET – PROPRIETARY FUND
DECEMBER 31, 2004

	Business-Type Activities <u>Enterprise Fund</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	39,582
<u>TOTAL CURRENT ASSETS</u>	<u>39,582</u>
<u>CAPITAL ASSETS</u>	
Land	200,000
Other Capital Assets, Net of Depreciation	1,182,019
<u>TOTAL CAPITAL ASSETS</u>	<u>1,382,019</u>
<u>TOTAL ASSETS</u>	<u>1,421,601</u>
<u>LIABILITIES AND NET ASSETS</u>	
<u>LIABILITIES</u>	
Current Liabilities	-
<u>TOTAL LIABILITIES</u>	<u>-0-</u>
<u>NET ASSETS</u>	
Unrestricted	39,582
Invested in Capital Assets	1,382,019
<u>TOTAL NET ASSETS</u>	<u>1,421,601</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>1,421,601</u>

The accompanying notes are an integral part of these financial statements.

GREATER OUACHITA PORT COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Business-Type Activities <u>Enterprise Fund</u>
<u>OPERATING REVENUE</u>	
Grant Revenue	999,978
Donations	200,000
Lease Revenue	<u>2,140</u>
<u>TOTAL OPERATING REVENUE</u>	<u>1,202,118</u>
<u>OPERATING EXPENSES</u>	
Insurance	8,010
Bank Service Charges	399
Dues and Subscriptions	200
Professional Fees	16,410
Travel and Entertainment	1,456
Miscellaneous Expenses	<u>1,990</u>
<u>TOTAL OPERATING EXPENSES</u>	<u>28,465</u>
<u>OPERATING INCOME</u>	1,173,653
<u>NON-OPERATING REVENUES</u>	
Interest Income	563
Miscellaneous Income	<u>181</u>
<u>TOTAL NON-OPERATING REVENUES</u>	<u>744</u>
<u>CHANGES IN NET ASSETS</u>	1,174,397
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>247,204</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>1,421,601</u>

The accompanying notes are an integral part of these financial statements.

GREATER OUACHITA PORT COMMISSION
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Business-Type Activities Enterprise Fund</u>
<u>INCREASE IN CASH AND CASH EQUIVALENTS</u>	
<u>CASH FLOWS FROM OPERATIONS</u>	
Cash Received from Operations	2,140
Capital Grants Received	999,978
Payments for General and Administrative	(28,465)
Cash Flows Provided by Operating Activities	<u>973,653</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest Income	563
Miscellaneous Income	181
Acquisition of Land and Construction of Capital Assets	(1,182,019)
Cash Flows Provided by Investing Activities	<u>(1,181,275)</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	(207,622)
<u>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</u>	<u>247,204</u>
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	<u>39,582</u>
 <u>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Changes in Net Assets	1,174,397
Adjustments	
Non-Cash Donation	(200,000)
Investment Income	(744)
Net Cash Provided by Operating Activities	<u>973,653</u>

NON-CASH ITEM

During the year, land with a value of \$200,000 was donated to the Commission.

The accompanying notes are an integral part of these financial statements.

GREATER OUACHITA PORT COMMISSION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

INTRODUCTION

The Greater Ouachita Port Commission (the Commission) was created by the Revised Statutes 34:1401 through 1406 by the Louisiana Legislature. The Commission is composed of seven members, who shall serve without compensation. The Commission shall exercise the powers therein conferred upon it, within the port area of Ouachita Parish. The Commission may authorize a reasonable travel allowance for its members in the performance of their duties, and it may employ such officers, or agents, and employees as it may find necessary in the performance of its duties, and may prescribe the duties, powers and compensation of such officers, agents, and employees. The Commission may, on such terms upon which it may agree, contract for legal, financial, engineering and other professional services necessary or expedient in the conduct of its affairs, and may on terms and conditions mutually agreeable, utilize the services of the executive department of the state.

The Commission shall have authority, when authorized to do so by a vote of a majority of the property taxpayers of the port area qualified to vote at an election for the purpose in accordance with law, to levy annually on all property situated within the port area, subject to taxation, an ad valorem tax not to exceed two and one-half mills on the dollar.

Also, the Commission may acquire by expropriation any wharves, landing, or any other properties necessary for the benefit and advantage of the commerce of the Commission.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Commission complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note. The Commission has adopted the new financial reporting requirements of GASB Statements No. 33 and 34.

GREATER OUACHITA PORT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

In June 1999, the GASB unanimously approved statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. Certain of the significant changes in the presentation of its funds financial information include, for the first time, a Management Discussion and Analysis (MD&A) section providing an analysis of the Commission's overall financial position and results of operations and financial statements prepared using full accrual accounting for all fund activities. These and other changes are reflected in the accompanying financial statements including the notes to the financial statements. The Enterprise Fund has elected to implement the general provisions of the statement in the current year and plans to report capital assets.

Basic Financial Statements

Government-Wide Financial Statements - The statement of net assets and statement of activities display information about the reporting government as a whole.

Fund Accounting

The Commission's funds are enterprise funds. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Reporting Entity

For financial reporting purposes, in conformity with GASB, the Greater Ouachita Port Commission is a component unit of the State of Louisiana. The financial reporting entity consists of (a) the primary government (State of Louisiana), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the State of Louisiana for financial reporting purposes. The basic criterion for including

GREATER OUACHITA PORT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the State of Louisiana provides for the Port's operation and maintenance, the Greater Ouachita Port Commission was determined to be a component unit of the State of Louisiana, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Greater Ouachita Port Commission and do not present information on the State of Louisiana, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Measurement Focus and Basis of Accounting

Measurement Focus - The government-wide financial statements are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. All proprietary funds utilize the

GREATER OUACHITA PORT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Basis of Accounting - The government-wide financial statements are presented using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred or economic assets are used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. In the fund financial statements, governmental funds are presented on a modified accrual basis of accounting. Revenues are recognized when "measurable and available." Measurable means the amount of the transaction can be determined, and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of 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 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.

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. For purposes of

GREATER OUACHITA PORT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents (Continued)

cash flows, the Commission considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Under state law, the Commission may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Fund Equity

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets including restricted 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.
2. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

NOTE 2 - CASH AND CASH EQUIVALENTS

The Commission has cash and cash equivalents (book balances) totaling \$39,582.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) 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.

GREATER OUACHITA PORT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at December 31, 2004, are secured as follows:

Bank Balances	39,582
---------------	--------

Because the pledged securities are held by a custodial bank in the same name of the fiscal agent bank rather than in the name of the Commission, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106; however, 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 bank has failed to pay deposited funds upon demand.

NOTE 3 - CAPITAL GRANT

During the year ended December 31, 2004, the Commission received \$999,978 from the Louisiana Economic Development Corporation. Such funds are to be used to develop and construct a railway spur in connection with the Ouachita terminal development.

NOTE 4 - OTHER AGREEMENTS AND SUBSEQUENT EVENTS

In 2004, the Commission entered into various agreements for the construction of the railway spur and engineering services for approximately 1.3 million dollars.

The Commission has also entered into a joint public-private development agreement with Ouachita Terminals to develop a marketing and business plan, to provide/develop funding sources and to select/develop a site for a port on the Ouachita River in Ouachita Parish, Louisiana. Certain fees and expenses will be reimbursed by the Commission. Amounts to be paid in future years are not presently determinable. The Commission has also entered into an agreement with Ouachita Terminals to operate the port. Payments will be made to Ouachita Terminals based on container volume.

NOTE 5 - RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts, theft or damage to assets and errors and omissions. The

GREATER OUACHITA PORT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 5 - RISK MANAGEMENT (Continued)

Commission believes that any such loss is remote and has not purchased commercial insurance on such risk.

The Commission, at the present time, has no employees. However, if employees are hired, adequate workers compensation will be obtained.

NOTE 6 - BUDGET REQUIREMENTS

The only activity of the Commission is enterprise activities. As the Commission has no general or special revenue funds, no budget is required.

NOTE 7 - FIXED ASSETS

Fixed assets of the Port Commission are included at cost plus any construction period interest for all assets with a cost over \$1,000. Depreciation is recorded on all exhaustible assets using the straight-line method over the estimated life of each asset. Estimated useful lives are as follows:

Port Facilities	40 Years
Rail Facilities	20 Years
Furniture, Fixtures & Equipment	7 - 10 Years

Other capital assets include the following:

Construction in Progress	1,182,019
Accumulated Depreciation	<u> -</u>
<u>Net</u>	<u>1,182,019</u>

Depreciation for 2004 is not material due to the ongoing construction of the port and rail facilities.

NOTE 8 - CONTINGENCIES

As of December 31, 2004, the Commission did not have any pending litigation or potential nondisclosed liabilities.

The Commission participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Commission has not complied with the rules and regulations governing the grants, refunds of

GREATER OUACHITA PORT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 8 - CONTINGENCIES (Continued)

any money received may be required. In the opinion of the Commission, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

The Commission has applied for funds for port development from various governmental agencies. If the Commission is not able to secure additional funding, it may have an adverse effect on the port development.

SUPPLEMENTAL INFORMATION

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

June 29, 2005

To the Board of the
Greater Ouachita Port Commission
West Monroe, Louisiana

We have audited the component unit financial statements of the business-typed activities of the Greater Ouachita Port Commission as of and for the year ended December 31, 2004, and have issued our report thereon dated June 29, 2005. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Greater Ouachita Port Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greater Ouachita Port 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 instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as item 04-1.

This report is intended for the information of management and the Legislative Auditor 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.

Johnston, Perry, Johnson & Associates, L.L.P.

JOHNSTON, PERRY, JOHNSON & ASSOCIATES, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

GREATER OUACHITA PORT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2004

To the Board of the
Greater Ouachita Port Commission
West Monroe, Louisiana

We have audited the component unit financial statements of the business-type activities of the Greater Ouachita Port Commission as of and for the year ended December 31, 2004, and have issued our report thereon dated June 29, 2005. 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. Our audit of the financial statements as of December 31, 2004, resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

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

Internal Control

Material Weaknesses ___yes Xno

Reportable Conditions ___yes Xno

Compliance

Compliance Material to Financial Statements ___yes Xno

B. Federal Awards - N/A

Internal Control

Material Weaknesses ___yes ___no

Type of Opinion on Compliance

Unqualified ___ Qualified ___

For Major Programs Disclaimer___ Adverse ___

Are there findings required to be reported in accordance with Circular A-133, Section .510 (a)?

C. Identification of Major Programs: N/A

CFDA Number(s) Name of Federal Program (or cluster)

Dollar threshold used to distinguish between Type A and Type B Programs \$N/A

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? ___yes ___no N/A

GREATER OUACHITA PORT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2004

Section II - Financial Statement Findings

Internal Control

There were no findings nor questioned costs for internal control for the year ended December 31, 2004.

Compliance

04-1

Criteria: The Commission is required to have the proceedings of their board published in a newspaper.

Conditions: The minutes of the meetings of the Commission's board of directors were not published in a newspaper.

Questioned Costs: None

Context: State law

Effect: This finding has no effect on the financial statements.

Cause: The Commission was unaware of this requirement of the state law.

Recommendation: We recommend that the Commission publish all minutes of the meetings of their board of directors in the local newspaper.

Reply: Management agrees with this finding and will now publish all minutes of the board of directors meetings in the local newspaper.

Section III - Federal Award Findings and Questioned Costs - N/A

GREATER OUACHITA PORT COMMISSION
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2004

Section I - Internal Control and Compliance Material to the Financial Statements

Finding: All checks written by the Commission are only required to have one signature.

Status: The board has established a new policy which requires two signatures for all checks over \$1,000 written from the operating account. All other accounts require two signatures on all checks.

Section II - Internal Control and Compliance Material to Federal Awards

This section is not applicable for this entity.

Section III - Management Letter

No management letter was issued.

GREATER OUACHITA PORT COMMISSION

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE YEAR ENDED DECEMBER 31, 2004

Comments on Findings and Recommendations

Management agrees that the minutes of the board of directors meetings should be published in a newspaper.

Actions Taken or Planned

Management will now publish all minutes of the board of directors meetings in the local newspaper.

Status of Corrective Action on Prior Findings

The board has established a new policy which requires two signatures for all checks over \$1,000 written from the operating account. All other accounts require two signatures on all checks.