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**NATCHITOCHE'S PARISH PORT COMMISSION
ANNUAL FINANCIAL REPORT**

DECEMBER 31, 1999

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

Release Date JUL 26 2000

Natchitoches Parish Port Commission

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Johnson, Thomas & Cunningham

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
of the Natchitoches Parish Port Commission

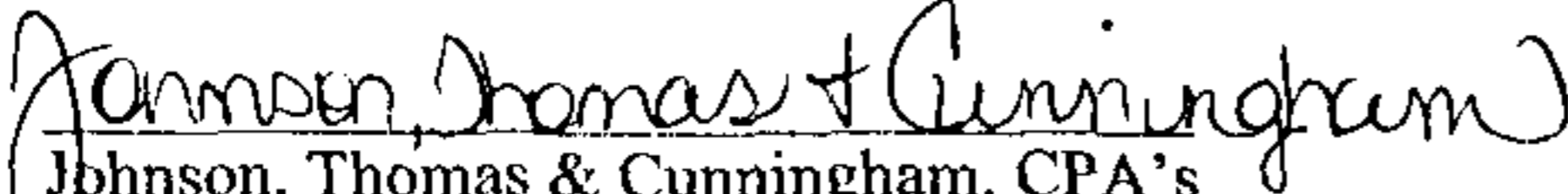
We have audited the general purpose financial statements of the Natchitoches Parish Port Commission, Natchitoches, Louisiana, a component unit of the State of Louisiana, as of and for the year ended December 31, 1999, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the U.S. General Accounting Office, and the *Louisiana Governmental Audit Guide*. 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 general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Natchitoches Parish Port Commission, Natchitoches, Louisiana, as of December 31, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 15, 2000, on our consideration of the Natchitoches Parish Port Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the Natchitoches Parish Port Commission.


Johnson, Thomas & Cunningham, CPA's

June 15, 2000
Natchitoches, Louisiana

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS-OVERVIEW)

Natchitoches Parish Port Commission
Combined Balance Sheet - Fund Type and Account Group
December 31, 1999

	Governmental			Totals	
	Fund Type	Account Groups		(Memorandum Only)	
	General Fund	General Fixed Assets	General Long-Term Debt	12-31-99	12-31-98
<u>Assets</u>					
Cash	\$349,856	\$ 0	\$ 0	\$ 349,856	\$ 24,070
Accounts Receivable	4,866	0	0	4,866	5,000
Amount to be Provided for Payment of Long-Term Debt	0	0	3,509,614	3,509,614	2,931,377
Land	0	331,550	0	331,550	331,550
Equipment	0	43,249	0	43,249	43,249
Site Improvements	0	4,999,089	0	4,999,089	1,431,555
Total Assets	\$354,722	\$5,373,888	\$3,509,614	\$9,238,224	\$4,766,801
<u>Liabilities</u>					
Accounts Payable	\$ 1,047	\$ 0	\$ 0	\$ 1,047	\$ 4,480
Notes Payable - Long-Term Debt	0	0	3,509,614	3,509,614	2,931,377
Total Liabilities	\$ 1,047	\$ 0	\$3,509,614	\$3,510,661	\$2,935,857
<u>Fund Equity</u>					
Investment in General Fixed Assets	0	5,373,888	0	5,373,888	1,806,354
Fund Balance- Unreserved-Undesignated	353,675	0	0	353,675	24,590
Total Liabilities and Fund Balance	\$354,722	\$5,373,888	\$3,509,614	\$9,238,224	\$4,766,801

See notes to financial statements.

Natchitoches Parish Port Commission

Combined Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual-
Governmental Fund Type
Year Ended December 31, 1999
With Comparative Amounts from Year Ended December 31, 1998

	1999		Variance Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
REVENUES:				
Intergovernmental-				
Department of Economic Development	\$ 54,000	\$ 53,723	\$ (277)	\$ 12,950
Department of Transportation	3,114,060	3,081,406	(32,654)	52,205
Red River Waterway	505,000	512,606	7,606	149,636
City of Natchitoches	20,000	20,000	0	20,000
Charges for Services	18,000	18,090	90	8,885
Miscellaneous-				
Cleco	5,000	5,000	0	5,000
Rental Income	10,000	10,000	0	5,000
Interest	1,500	1,957	457	1,462
Total Revenues	<u>\$3,727,560</u>	<u>\$3,702,782</u>	<u>\$(24,778)</u>	<u>\$255,138</u>
EXPENDITURES:				
Current-				
General Government-				
Salaries	\$ 66,000	\$ 66,000	\$ 0	\$ 66,000
Legal & Accounting	54,468	52,492	1,976	268,515
Employee Benefits	8,700	6,762	1,938	8,477
Travel & Entertainment	9,830	10,668	(838)	3,003
Advertising/Promotion	2,820	1,478	1,342	10,279
Office	6,235	4,731	1,504	9,392
Insurance	4,000	2,887	1,113	3,778
Miscellaneous	1,475	1,156	319	5
Taxes & Licenses	275	667	(392)	292
Dues/Memberships	1,775	1,566	209	1,327
Utilities	5,650	5,796	(146)	1,195
Public Works-				
Engineering	233,329	219,705	13,624	293,981
Consulting & Appraisals	5,000	9,293	(4,293)	8,250
Maintenance & Repairs	0	1,199	(1,199)	2,331
Capital Outlay-				
Land Purchases	0	0	0	59,151
Equipment Purchases	0	0	0	11,435
Site Improvements	<u>3,567,815</u>	<u>3,567,534</u>	<u>281</u>	<u>39,690</u>
Total Expenditures	<u>\$3,967,372</u>	<u>\$3,951,934</u>	<u>\$ 15,438</u>	<u>\$787,101</u>

Continued next page

See notes to financial statements.

Natchitoches Parish Port Commission
Governmental Fund Type-General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual-
General Fund Type
Year Ended December 31, 1999
With Comparative Amounts from Year Ended December 31, 1998
(Continued)

	1999		Variance Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Excess (Deficiency) of Revenues Over Expenditures	\$(239,812)	\$(249,152)	\$ (9,340)	\$(531,963)
OTHER FINANCING SOURCES:				
Debt Proceeds	<u>578,474</u>	<u>578,237</u>	<u>(237)</u>	<u>476,444</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	\$338,662	\$329,085	\$ (9,577)	\$ (55,519)
Fund Balance-Beginning of Year	<u>24,590</u>	<u>24,590</u>	<u>0</u>	<u>80,109</u>
Fund Balance-End of Year	<u>\$363,252</u>	<u>\$353,675</u>	<u>\$ (9,577)</u>	<u>\$ 24,590</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Natchitoches Parish Port Commission
Notes to Financial Statements
December 31, 1999

INTRODUCTION

The Natchitoches Parish Port Commission was created by Act 1975 containing R. S. 34:3151 through 34:3157 of the Louisiana Legislature. The Commission serves all of Natchitoches Parish. The Commission shall regulate the commerce, and traffic, within the Port area in such a manner as may, in its judgment, be for the best interest of the State. One member of the Board is appointed by the Governor, two members by the Natchitoches Parish Police Jury, and two members by the City of Natchitoches, Louisiana. The members receive no pay for their services. The Commission has only two employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. BASIS OF PRESENTATION-

The accounting and reporting policies of the Commission conform to generally accepted accounting principles as applicable to governmental units, on a basis consistent between periods. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*.

B. REPORTING ENTITY-

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

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the State of Louisiana 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 State of Louisiana.
2. Organizations for which the State of Louisiana does not appoint a voting majority but are fiscally dependent on the State of Louisiana.
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.

Natchitoches Parish Port Commission
Notes to Financial Statements
December 31, 1999

Because the State of Louisiana created by Act 1975, the Natchitoches Parish Port Commission, the 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 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.

C. FUND ACCOUNTING-

The Commission uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable financial resources.

The fund classifications and a description of each existing fund type follow:

Governmental Funds-

Governmental funds account for all of the Commission's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

General Fund-the general operating fund of the Commission and accounts for all financial resources, except those required to be accounted for in other funds.

D. FIXED ASSETS AND LONG-TERM LIABILITIES-

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus, and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds. These assets are recorded as expenditures in the governmental fund types when purchased. No depreciation has been provided on general fixed assets.

Natchitoches Parish Port Commission
Notes to Financial Statements
December 31, 1999

All fixed assets are valued at historical cost.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position and are not involved with measurement of results of operations.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets, in spite of their spending measurement focus. Such noncurrent receivables are offset by fund balance reserve accounts to indicate that they should not be considered "available spendable resources".

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

E. BASIS OF ACCOUNTING-

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in the current assets. The modified accrual basis of accounting is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues-

Revenues are recognized when they become measurable and available as net current assets.

All intergovernmental revenues and a substantial portion of miscellaneous revenues are recorded as revenue when earned and billed since they are measurable and available and are therefore considered to be susceptible to accrual.

Expenditures-

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Natchitoches Parish Port Commission
Notes to Financial Statements
December 31, 1999

Other Financing Sources-

Capital lease transactions, sales of fixed assets, debt extinguishments, long-term debt proceeds, etc., are accounted for as other financing sources. These other financing sources are recognized at the time the underlying events occur.

F. BUDGET-

An annual operating budget is adopted for the General Fund. The Commission follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of each year, the Secretary-Treasurer prepares a proposed budget and submits same to the Board of Commissioners.
2. The Board of Commissioners approves the budget, or amends it as necessary.
3. The approved budget is held open for public inspection.
4. The basis of accounting applied to budgetary data presented is substantially consistent with the appropriate basis of accounting for each fund for which an annual budget is prepared. Appropriations which are not expended lapse at year-end.

G. ENCUMBRANCES-

The Natchitoches Parish Port Commission does not employ the use of "Encumbrance" accounting.

H. COMPENSATED ABSENCES-

The Natchitoches Parish Port Commission does not carry forward or accrue compensated absences.

I. TOTAL COLUMNS ON COMBINED STATEMENTS-OVERVIEW-

Total columns on the combined statements - overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Natchitoches Parish Port Commission
Notes to Financial Statements
December 31, 1999

J. CASH AND CASH EQUIVALENTS-

Cash includes amounts in demand deposits and interest-bearing demand deposits. All of the Commission's funds are considered to be cash as opposed to investments. 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.

2. CHANGES IN GENERAL LONG-TERM DEBT:

The following is a summary of the long-term debt transactions for the year ended December 31, 1999:

Long-Term Debt Payable at January 1	\$2,931,377
Long-Term Debt incurred during the year	<u>578,237</u>
Long-Term Debt Payable at December 31	<u>\$3,509,614</u>

All long-term debt is owed to the Red River Waterway Commission for expenses paid by them. It is to be repaid with interest of 6% per annum from the date of the expenditure by the Red River Waterway Commission, and shall be conditioned upon subsequent agreement between the Red River Waterway Commission and the Port Commission. An agreeable repayment schedule shall be developed by the parties in view of income and funding sources available to the Port Commission, including, without limitations, proceeds from sale and/or lease of industrial and/or commercial lots at the site, dedicated tax revenues, net income from Port operations, loans from other sources, and gifts and grants. The total funds to be loaned to the Commission for expenses is not to exceed \$3,724,161. No payment schedule has been agreed upon at December 31, 1999, and no payments are currently required.

3. GENERAL FIXED ASSETS:

A summary of changes in General fixed assets follows:

	Balance <u>1-01-99</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12-31-99</u>
Land	\$ 331,550	\$ 0	\$0	\$ 331,550
Equipment	43,249	0	0	43,249
Site Improvements	<u>1,431,555</u>	<u>3,567,534</u>	<u>0</u>	<u>4,999,089</u>
Totals	<u>\$1,806,354</u>	<u>\$3,567,534</u>	<u>\$0</u>	<u>\$5,373,888</u>

Natchitoches Parish Port Commission
Notes to Financial Statements
December 31, 1999

4. CASH AND CASH EQUIVALENTS:

At December 31, 1999, the Natchitoches Parish Port Commission has cash and cash equivalents totaling \$349,941. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

The Commission's cash is categorized below to give an indication of the level of risk assumed by the Commission at December 31, 1999. Category 1 includes cash that is held by the Commission in the Commission's name.

	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Carrying</u> <u>Value</u>
Cash-	<u>\$349,941</u>	<u>\$0</u>	<u>\$0</u>	<u>\$349,941</u>
Insured by-				
FDIC Insurance	\$100,000	\$0	\$0	\$100,000
Bank Securities	<u>249,941</u>	<u>0</u>	<u>0</u>	<u>249,941</u>
Total	<u>\$349,941</u>	<u>\$0</u>	<u>\$0</u>	<u>\$349,941</u>
Unsecured	<u>\$_____0</u>			

5. RETIREMENT COMMITMENTS:

Substantially all employees of the Natchitoches Parish Port Commission are members of the Louisiana State Retirement System, a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees.

All permanent employees working at least 28 hours per week who are paid wholly or in part from Commission funds are eligible to participate in the System. Employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Retirement System in Baton Rouge.

Natchitoches Parish Port Commission
Notes to Financial Statements
December 31, 1999

Funding Policy-

Members are required by state statute to contribute 7.5 percent of their annual covered salary and the Commission is required to contribute at an actuarially determined rate. The current rate is 12.4 percent of annual covered payroll. The contribution requirements of plan members and the Commission are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Natchitoches Parish Port Commission's contribution to the System for the years ending December 31, 1999, 1998, and 1997 were \$6,240, \$6,401, and \$6,401, respectively, equal to the required contribution for each year.

6. PENDING LITIGATION:

At December 31, 1999, the Natchitoches Parish Port Commission was a party in two civil suits seeking damages against the Commission.

As of the date of this report, one case is on appeal and the other case is not scheduled for trial until August 2000. At the present time, a determination of the outcome of either suit cannot be made.

7. RECEIVABLES:

The following is a summary of receivables at December 31, 1999:

<u>Class of Receivable</u>	<u>General Fund</u>
Charges for Services	<u>\$4,866</u>

Substantially all receivables are considered to be fully collectible, and no allowance for uncollectibles is used.

INTERNAL CONTROL AND COMPLIANCE

Johnson, Thomas & Cunningham

Certified Public Accountants

Exhibit C

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

To the Board of Commissioners
of the Natchitoches Parish Port Commission

We have audited the general purpose financial statements of the Natchitoches Parish Port Commission, a component unit of the State of Louisiana, as of and for the year ended December 31, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

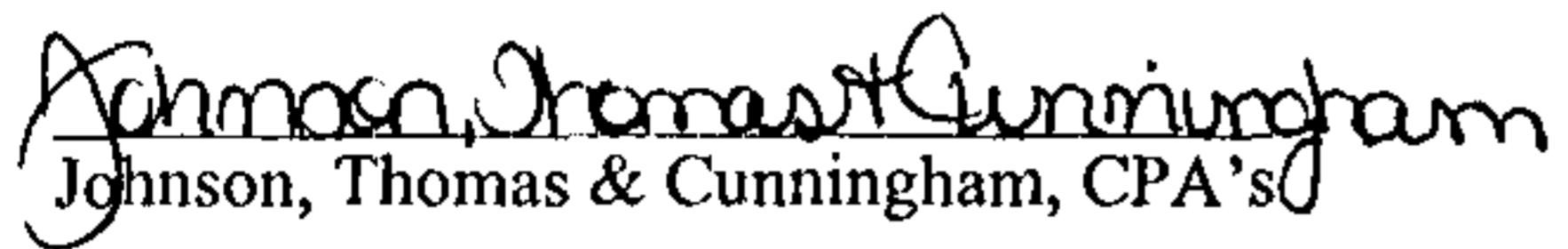
Compliance

As part of obtaining reasonable assurance about whether the Natchitoches Parish Port Commission's general purpose 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 Natchitoches Parish Port Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 general purpose 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 of the management of the Natchitoches Parish Port Commission, the Legislative Auditor, and interested state and federal agencies. However, this report is a matter of public record and its distribution is not limited.


Johnson, Thomas & Cunningham, CPA's

June 15, 2000
Natchitoches, Louisiana