

**Zahn, Kenney & Bresette**  
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL  
STRUCTURE BASED ON AN AUDIT OF COMPONENT UNIT FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Board of Commissioners  
South Tangipahoa Parish Port Commission  
Ponchatoula, Louisiana

We have audited the component unit financial statements of the South Tangipahoa Parish Port Commission, Ponchatoula, Louisiana, a component unit of the State of Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated February 26, 1997.

We conducted our audit in accordance with generally accepted auditing standards and 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.

In planning and performing our audit of the financial statements of the Commission for the year ended December 31, 1996, we considered its internal control structure 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 structure.

The management of the Commission is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objective of an internal control structure is to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the component unit financial statements of South Tangipahoa Parish Port Commission, for the year ended December 31, 1996 we obtained an understanding of the internal control

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SOUTH TANGIPAHOA PARISH PORT COMMISSION

STATE OF LOUISIANA  
PONCHATOULA, LOUISIANA

SUPPLEMENTAL INFORMATION SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 1996

COMPENSATION PAID BOARD MEMBERS

This schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Louisiana Revised Statute 34:1951 (A) provides that board members shall be compensated in the amount of seventy-five dollars per meeting, paid exclusively from self-generated funds, not to exceed twelve regular meetings and no more than six additional special meetings annually.

| <u>Board Member</u> | <u>Title</u>   | <u>Meetings<br/>Held</u> | <u>Meetings<br/>For Which<br/>Member Was<br/>Present</u> | <u>Amount</u>  |
|---------------------|----------------|--------------------------|--|----------------|
| Raymond E. Schafer  | President      | 16                       | 15   | \$1,125        |
| Merwyn Barringer    | Secretary      | 16                       | 16   | 1,200          |
| Walter Vinyard      | Treasurer      | 16                       | 16   | 1,200          |
| Lloyd "Hank" Jones  | Vice-President | 16                       | 16   | 1,200          |
| Maxine Dixon        | Commissioner   | 16                       | 13   | 975            |
| Phillip Alexander   | Commissioner   | 16                       | 16   | 1,200          |
| Charles McKaskle    | Commissioner   | 16                       | 15   | <u>1,125</u>   |
|                     | Total          |                          |  | <u>\$8,025</u> |

See auditor's report.

**NOTE 7--LEASES**

The Port Commission records operating leases as current expenditures in the accompanying financial statements. The following is an analysis of significant operating leases at December 31, 1996:

On May 14, 1991, the Port Commission entered into a forty-month lease for office space located at 163 W. Hickory Street, Ponchatoula, Louisiana. The lease provides for rental of \$650 per month commencing January 1, 1995 through December 31, 1998. The lease requires lessee to carry public liability insurance in the amount of not less than \$500,000 naming lessor as an additional insured at not cost to lessor.

The minimum annual commitments under noncancellable operating leases are as follows:

| <u>Fiscal Year</u> | <u>Office<br/>Facilities</u> |
|--------------------|------------------------------|
| 1997               | \$ 7,800                     |
| 1998               | <u>7,800</u>                 |
| Total              | <u>\$ 15,600</u>             |

**NOTE 8--EMPLOYEE PENSION PLAN**

All employees of the South Tangipahoa Parish Port Commission participate in the State of Louisiana's Retirement Plan, LASER. In addition to the employee contribution withheld at 7.5% of gross salary, the Board contributes an additional 12.4% of gross salary. Contributions to the system are funded through employee and employer contributions of \$5,158 and \$8,391 respectively. The total current year payroll of the agency was \$68,775 all of which was covered by the retirement system. Under present statutes, the Board does not guarantee any of the benefits granted by the retirement system.

**NOTE 9--OTHER POST EMPLOYMENT BENEFITS**

The Port Commission has no other post employment benefits.

**NOTE 10--FUND DEFICITS**

There are no deficits in any individual funds at December 31, 1996.

**NOTE 11--PRIOR PERIOD ADJUSTMENT**

Ad valorem tax revenue for 1995 was incorrectly recorded. The receivable at December 31, 1995 was understated by \$18,767 causing an understatement of revenues for 1995 and the unreserved, undesignated fund balance as of December 31, 1995 of that same amount, as follows:

|   | <u>As Reported</u> | <u>Restated</u>  |
|---|--------------------|------------------|
| Revenues                                | <u>\$381,000</u>   | <u>\$399,767</u> |
| Fund balance - unreserved, undesignated | <u>\$491,700</u>   | <u>\$510,467</u> |

## NOTE 4--CASH AND CASH EQUIVALENTS

At December 31, 1996, the Port Commission had cash and cash equivalents as follows:

|   | <u>Cash</u>      | <u>Cash Equivalents</u>            |                             | <u>Total</u>     |
|---|------------------|------------------------------------|-----------------------------|------------------|
|   |                  | <u>Certificates<br/>of Deposit</u> | <u>Other<br/>(Describe)</u> |                  |
| Carrying amount on<br>Balance Sheet   | <u>\$363,994</u> |                                    |                             | <u>\$363,994</u> |
| Bank Balances:  |                  |                                    |                             |                  |
| a. Insured (FDIC) or<br>collateralized with<br>securities held by<br>the entity or its<br>agent <u>in the entity's<br/>name</u>                 | <u>\$146,331</u> |                                    |                             | <u>\$146,331</u> |
| b. Collateralized with<br>securities held by<br>pledging financial<br>institution's trust<br>department or agent<br><u>in the entity's name</u> |                  |                                    |                             |                  |
| c. Uncollateralized,<br>including any<br>securities held for<br>the entity but <u>not<br/>in the entity's name</u>                              | <u>217,703</u>   |                                    |                             | <u>217,703</u>   |
| Total Bank Balances   | <u>\$364,034</u> |                                    |                             | <u>\$364,034</u> |

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, 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 district that the fiscal agent has failed to pay deposited funds upon demand.

## NOTE 5--DUE FROM TAX COLLECTOR

The amount due from tax collector represents ad valorem tax collected on behalf of the Port Commission in December 1996 and held by the tax collector at December 31. These funds were received by the Port Commission in January 1997.

## NOTE 6--COMPENSATION PAID BOARD MEMBERS

Louisiana Revised Statute 34:1951 (A) provides that each board member shall be compensated in the amount of seventy-five dollars per meeting, which shall be payable exclusively from self-generated funds. The commission shall hold a regular meeting once each calendar month with a maximum of six additional special meetings annually. Compensation paid to individual board members is presented with the accompanying supplementary schedule.



## NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## L) TOTAL COLUMNS ON STATEMENTS

The total columns on the statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

## NOTE 2--LEVIED TAXES

The following is a summary of authorized and levied ad valorem taxes:

|              | 1996<br>Authorized and Levied<br><u>Millage</u> |
|--------------|---|
| General Fund | 2.25  |

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Port Commission during the year and actually billed to taxpayers and become due in November. Billed taxes become delinquent on December 31 of each year. Revenues from ad valorem taxes are budgeted in the year billed and recognized as revenue when billed. The Tangipahoa Parish Sheriff's Office bills and collects the property taxes using the assessed value determined by the Tax Assessor of Tangipahoa Parish. The taxes are generally collected in December of the current year and January and February of the ensuing year. The Port Commission is permitted by state law to levy an ad valorem tax not to exceed two and one-half mills on the property subject to taxation within Wards 6, 7 and 8 of Tangipahoa Parish. For 1996, the Port Commission levied 2.25 mills for a total tax levy of \$274,765 on taxable property valuation totaling \$122,117,809.

## NOTE 3--CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets for the year ended December 31, 1996, follows:

|                                    | <u>Balance</u><br><u>1/01/96</u> | <u>Additions</u>  | <u>Deletions</u> | <u>Balance</u><br><u>12/31/96</u> |
|------------------------------------|----------------------------------|-------------------|------------------|-----------------------------------|
| Land and Improvements              | \$ 450,374                       | \$ 26,500         | \$ -0-           | \$ 476,874                        |
| Furniture and Fixtures             | 9,006                            | 1,098             | -0-              | 10,104                            |
| Port Facility                      | 3,394,157                        | 87,448            | -0-              | 3,481,605                         |
| Port Improvements and<br>Equipment | 69,910                           | -0-               | -0-              | 69,910                            |
| Automobile                         | <u>12,951</u>                    | <u>18,626</u>     | <u>12,951</u>    | <u>18,626</u>                     |
| Total                              | <u>\$3,936,398</u>               | <u>\$ 133,672</u> | <u>\$ 12,951</u> | <u>\$4,057,119</u>                |

structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. We consider the following to be reportable conditions:

- 1) The Commission does not maintain an adequate general ledger for any of its funds. It is therefore not possible to draw a trial balance to ensure that a proper accounting has been made of all transactions. Although all revenues and expenditures are posted to the general ledger, transactions affecting the asset, liability and fund balance accounts are not posted. This condition is being repeated from our prior year report.
- 2) The inventory of fixed assets owned by the Port Commission is not complete. Various assets purchased during 1996 were not included on the inventory. Further, engineering design work leading to the construction of the Intermodal Bulk Terminal was also not included as construction in progress. It is necessary include these costs as assets to correctly record the cost of the finished Terminal.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all

reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that both of the reportable conditions described above are material weaknesses.

This report is intended for the information of management and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Zahn, Kenney & Bresette*

Zahn, Kenney & Bresette  
Certified Public Accountants

February 26, 1997  
Metairie, Louisiana

**Zahn, Kenney & Bresette**  
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
BASED ON AN AUDIT OF COMPONENT UNIT  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Board of Commissioners  
South Tangipahoa Parish Port Commission  
Ponchatoula, Louisiana

We have audited the component unit financial statements of the South Tangipahoa Parish Port Commission, Ponchatoula, Louisiana, a component unit of the State of Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated February 26, 1997.

We conducted our audit in accordance with generally accepted auditing standards and 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.

Compliance with laws, regulations, contracts, and grants applicable to the South Tangipahoa Parish Port Commission is the responsibility of the South Tangipahoa Parish Port Commission's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the South Tangipahoa Parish Port Commission's compliance with certain provisions of laws, regulations, contracts, and grants. However, it should be noted that the objective of our audit was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein, under government auditing standards.

This report is intended for the use of management and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Board of Commissioners of the South Tangipahoa Parish Port Commission, Ponchatoula, Louisiana is a matter of public record.

*Zahn, Kenney & Bresette*

Zahn, Kenney & Bresette  
Certified Public Accountants

February 26, 1997

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**SOUTH TANGIPAHOA PARISH PORT COMMISSION**  
**STATE OF LOUISIANA**  
**PONCHATOULA, LOUISIANA**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES**

FOR THE YEAR ENDED DECEMBER 31, 1996

|   | General<br><u>Fund</u> | Capital<br>Projects<br><u>Fund</u> | Totals<br>(Memorandum<br><u>Only</u> ) |
|---|------------------------|------------------------------------|--|
| <b>REVENUES</b>   |                        |                                    |  |
| Ad valorem taxes  | \$ 276,255             | \$ -0-                             | \$276,255                              |
| Intergovernmental:  |                        |                                    |  |
| State revenue sharing   | 48,098                 | -0-                                | 48,098                                 |
| State grant   | -0-                    | 23,850                             | 23,850                                 |
| Rental income   | 19,047                 | -0-                                | 19,047                                 |
| Interest earnings   | 12,570                 | -0-                                | 12,570                                 |
| Other income  | <u>83,926</u>          | <u>-0-</u>                         | <u>83,926</u>                          |
| Total revenues  | 439,896                | 23,850                             | 463,746                                |
| <b>EXPENDITURES</b>   |                        |                                    |  |
| Current:  |                        |                                    |  |
| Salaries and related benefits   | 84,637                 | -0-                                | 84,637                                 |
| Compensation paid board members   | 8,025                  | -0-                                | 8,025                                  |
| Statutory charge - collection fee   | 10,294                 | -0-                                | 10,294                                 |
| Legal and accounting fees   | 6,749                  | -0-                                | 6,749                                  |
| Insurance   | 11,970                 | -0-                                | 11,970                                 |
| Office supplies   | 4,392                  | -0-                                | 4,392                                  |
| Repairs and maintenance   | 48,316                 | -0-                                | 48,316                                 |
| Telephone and utilities   | 8,684                  | -0-                                | 8,684                                  |
| Rent and other leases   | 10,450                 | -0-                                | 10,450                                 |
| Advertising, marketing and<br>promotion                                     | 12,817                 | -0-                                | 12,817                                 |
| Other   | 4,083                  | -0-                                | 4,083                                  |
| Capital outlay  | <u>61,433</u>          | <u>81,359</u>                      | <u>142,792</u>                         |
| Total Expenditures  | <u>271,850</u>         | <u>81,359</u>                      | <u>353,209</u>                         |
| Excess (Deficit) of Revenues<br>Over Expenditures                           | 168,046                | (57,509)                           | 110,537                                |
| Other Financing Sources (Uses):   |                        |                                    |  |
| Operating transfers in (out)  | (58,567)               | 58,567                             | -0-                                    |
| Sale of equipment   | <u>1,120</u>           | <u>-0-</u>                         | <u>1,120</u>                           |
|   | <u>(57,447)</u>        | <u>58,567</u>                      | <u>1,120</u>                           |
| Excess of Revenues and Other<br>Sources Over Expenditures<br>and Other Uses | 110,599                | 1,058                              | 111,657                                |
| Fund Balances:  |                        |                                    |  |
| Beginning of Year, as restated  | <u>510,467</u>         | <u>1,182</u>                       | <u>511,649</u>                         |
| End of Year   | <u>\$ 621,066</u>      | <u>\$ 2,240</u>                    | <u>\$623,306</u>                       |

The accompanying notes are an integral part of this statement.

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**SOUTH TANGIPAHOA PARISH  
PORT COMMISSION  
STATE OF LOUISIANA  
PONCHATOULA, LOUISIANA**

**COMPONENT UNIT  
FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 1996**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 JUN 04 1997

**Zahn, Kenney & Bresette**  
Certified Public Accountants  
INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
South Tangipahoa Parish Port Commission  
Ponchatoula, Louisiana


We have audited the component unit financial statements of the South Tangipahoa Parish Port Commission, Ponchatoula, Louisiana, a component unit of the State of Louisiana, as of December 31, 1996, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the South Tangipahoa Parish Port Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 component unit financial statements referred to above present fairly, in all material respects, the financial position of the South Tangipahoa Parish Port Commission, as of December 31, 1996, and the results of its operations for the year ended, in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the component unit financial statements taken as a whole. The schedule of compensation paid board members listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the component unit financial statements of the South Tangipahoa Parish Port Commission. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly presented in all material respects in relation to the component unit financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated February 26, 1997 on our consideration of South Tangipahoa Parish Port Commission's internal control structure and a report dated February 26, 1997 on its compliance with laws and regulations.

  
Zahn, Kenney & Bresette  
Certified Public Accountants

Metairie, Louisiana  
February 26, 1997

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SOUTH TANGIPAHOA PARISH PORT COMMISSION

STATE OF LOUISIANA  
PONCHATOULA, LOUISIANA

Component Unit Financial Statements  
As of and for the Year Ended December 31, 1996

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## SOUTH TANGIPAHOA PARISH PORT COMMISSION

STATE OF LOUISIANA  
PONCHATOULA, LOUISIANACOMBINED BALANCE SHEET - ALL FUND TYPES  
AND ACCOUNT GROUPS

DECEMBER 31, 1996

ASSETS

|   | <u>Governmental Funds</u> |                              | <u>Account Group</u>        | <u>Totals</u><br>(Memorandum<br>Only) |
|---|---------------------------|------------------------------|-----------------------------|---------------------------------------|
|   | <u>General Fund</u>       | <u>Capital Projects Fund</u> | <u>General Fixed Assets</u> |                                       |
| Assets:   |                           |                              |                             |                                       |
| Cash and cash equivalents                         | \$361,754                 | \$ 2,240                     | \$ -0-                      | \$ 363,994                            |
| Receivables:                                      |                           |                              |                             |                                       |
| Ad valorem tax - delinquent                       | 88,068                    | -0-                          | -0-                         | 88,068                                |
| State revenue sharing                             | 32,064                    | -0-                          | -0-                         | 32,064                                |
| Accounts  | 3,784                     | -0-                          | -0-                         | 3,784                                 |
| Grant - Louisiana Department<br>of Transportation | -0-                       | 23,850                       | -0-                         | 23,850                                |
| Due from tax collector                            | 145,909                   | -0-                          | -0-                         | 145,909                               |
| Due from general fund                             | -0-                       | 7,567                        | -0-                         | 7,567                                 |
| Property and equipment                            | <u>-0-</u>                | <u>-0-</u>                   | <u>4,057,119</u>            | <u>4,057,119</u>                      |
| Total Assets                                      | <u>\$631,579</u>          | <u>\$33,657</u>              | <u>\$4,057,119</u>          | <u>\$4,722,355</u>                    |

LIABILITIES AND FUND EQUITY

|                                      |                  |                 |                    |                    |
|--------------------------------------|------------------|-----------------|--------------------|--------------------|
| Liabilities:                         |                  |                 |                    |                    |
| Accounts payable                     | \$ 2,946         | \$31,417        | \$ -0-             | \$ 34,363          |
| Due to capital projects fund         | <u>7,567</u>     | <u>-0-</u>      | <u>-0-</u>         | <u>7,567</u>       |
| Total Liabilities                    | 10,513           | 31,417          | -0-                | 41,930             |
| Fund Equity:                         |                  |                 |                    |                    |
| Investment in general fixed assets   | -0-              | -0-             | 4,057,119          | 4,057,119          |
| Fund balances:                       |                  |                 |                    |                    |
| Unreserved - undesignated            | <u>621,066</u>   | <u>2,240</u>    | <u>-0-</u>         | <u>623,306</u>     |
| Total Fund Equity                    | <u>621,066</u>   | <u>2,240</u>    | <u>4,057,119</u>   | <u>4,680,425</u>   |
| Total Liabilities and<br>Fund Equity | <u>\$631,579</u> | <u>\$33,657</u> | <u>\$4,057,119</u> | <u>\$4,722,355</u> |

The accompanying notes are an integral part of this statement.

## NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## H) CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Cash also includes amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Port 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.

Under state law, the Port Commission may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at original cost.

## I) INVENTORIES

The Port Commission uses the purchase method for accounting for expendable supplies whereby expenditures are recognized when the items are purchased. The Port Commission did not record any inventory at December 31, 1996.

## J) PREPAID ITEMS

The Port Commission did not record any prepaid items at December 31, 1996.

## K) COMPENSATED ABSENCES

The Port Commission has the following policy relating to vacation and sick leave:

The Port Commission's secretary is an unclassified state employee and the Port Commission's policy regarding annual leave and sick leave is mandated by Executive Order BR-88-23. In brief, annual leave is earned at various rates depending upon length of service, is cumulative and a maximum of 300 hours is paid upon separation from service. Sick leave is earned at various rates depending on length of service, is cumulative but no accrued unused sick leave is paid upon separation of service.

The Executive Director is also an unclassified state employee, but is exempt from the requirements of Executive Order BR-88-23. The Executive Director receives annual leave and sick leave each of which is noncumulative and nonvesting. As of December 31, 1996, no accrual for employee leave benefits was made in accordance with GASB Codification Section C60 as the amount is not material.

## SOUTH TANGIPAHOA PARISH PORT COMMISSION

STATE OF LOUISIANA  
PONCHATOULA, LOUISIANASTATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 1996

|   | Revised<br>Budget | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------|-------------------|--|
| <b>REVENUES</b>   |                   |                   |  |
| Ad valorem taxes  | \$ 249,638        | \$ 276,255        | \$ 26,617                              |
| Intergovernmental:  |                   |                   |  |
| State revenue sharing   | 55,124            | 48,098            | (7,026)                                |
| Self-generated  | <u>101,229</u>    | <u>115,543</u>    | <u>14,314</u>                          |
| Total Revenues  | 405,991           | 439,896           | 33,905                                 |
| <b>EXPENDITURES</b>   |                   |                   |  |
| Current:  |                   |                   |  |
| Salaries and related benefits   | 103,000           | 84,637            | 18,363                                 |
| Compensation paid board members   | 10,000            | 8,025             | 1,975                                  |
| Statutory charge-collection fee   | -0-               | 10,294            | (10,294)                               |
| Legal and accounting fees   | 13,000            | 6,749             | 6,251                                  |
| Insurance   | 13,000            | 11,970            | 1,030                                  |
| Office supplies   | 7,000             | 4,392             | 2,608                                  |
| Repairs and maintenance   | 70,000            | 48,316            | 21,684                                 |
| Telephone and utilities   | 9,000             | 8,684             | 316                                    |
| Rent and other leases   | 12,000            | 10,450            | 1,550                                  |
| Advertising, marketing and<br>promotion                                     | 17,000            | 12,817            | 4,183                                  |
| Other   | -0-               | 4,083             | (4,083)                                |
| Capital outlay  | <u>151,991</u>    | <u>61,433</u>     | <u>90,558</u>                          |
| Total Expenditures  | <u>405,991</u>    | <u>271,850</u>    | <u>134,141</u>                         |
| Excess of Revenue<br>Over Expenditures                                      | -0-               | 168,046           | 168,046                                |
| Other Financing Sources (Uses):   |                   |                   |  |
| Operating transfers in (out)  | -0-               | (58,567)          | (58,567)                               |
| Sale of equipment   | <u>-0-</u>        | <u>1,120</u>      | <u>1,120</u>                           |
| Excess of Revenues and<br>Other Sources Over<br>Expenditures and Other Uses | -0-               | 110,599           | 110,599                                |
| Fund Balances:  |                   |                   |  |
| Beginning of year, as restated  | <u>510,467</u>    | <u>510,467</u>    | <u>-0-</u>                             |
| End of year   | <u>\$ 510,467</u> | <u>\$ 621,066</u> | <u>\$110,599</u>                       |

The accompanying notes are an integral part of this statement.

**SOUTH TANGIPAHOA PARISH PORT COMMISSION**

STATE OF LOUISIANA  
PONCHATOULA, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS**

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1996

**INTRODUCTION**

The South Tangipahoa Parish Port Commission (hereinafter referred to as "Port Commission") was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 34:1951. The Port Commission is composed of seven members from the Parish of Tangipahoa who are appointed directly by the Governor. Each board member receives compensation per meeting attended payable exclusively from self-generated funds. The Port Commission consists of the boundaries and limits of Wards 6, 7, and 8 of Tangipahoa Parish. The Port Commission has authority to own, construct, operate and maintain property, structures and facilities necessary or useful for port, recreational, harbor and terminal purposes. The Port Commission also has the authority to make and enter into contracts, leases and other agreements with operating entities interested in the transportation, storage and shipping of products. Also, the Port Commission may levy annually an *ad valorem* tax not to exceed two and one-half mills on the dollar on the property subject to taxation located within the boundaries of the Port Commission. The Port Commission presently has two paid employees, an Executive Director and Secretary.

The Port Commission presently maintains an office located in Ponchatoula, Louisiana, and a shallow water port facility located in Manchac, Louisiana. The port facility includes a dock with a 20,000 square foot warehouse, railroad siding adjacent to the Illinois Central Railroad track and a second dock with a 30,000 square foot transit facility. The port facility is presently operated under a Marine Terminal Operators Agreement with a contract operator.

**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. BASIS OF PRESENTATION**

The accompanying component unit financial statements of the South Tangipahoa Parish Port Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.



## NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## B. REPORTING ENTITY

As the governing authority of the State, for reporting purposes, the State of Louisiana is the financial reporting entity for the State of Louisiana. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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 a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

- 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.

Because the State of Louisiana appoints a voting majority of the board, the 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 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.

## C) FUND ACCOUNTING

The Port 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.

## NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## C) FUND ACCOUNTING (CONTINUED)

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, 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 available financial resources.

Funds of the Port Commission are classified as governmental funds. Governmental funds account for the Port Commission's general activities, including the collection and disbursement of specific or legally restricted monies, and the acquisition or construction of general fixed assets. Governmental funds of the Port Commission include:

- 1) General Fund - the general operating fund of the Port Commission. Accounts for all financial resources, except those required to be accounted for in other funds.
- 2) Capital Projects Fund - accounts for financial resources received and used for the acquisition, construction or improvement of capital facilities not reported in the other governmental funds.

## D) PROPERTY, PLANT AND EQUIPMENT

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus and only current assets and current liabilities are generally included in their balance sheet.

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. Public domain ("infrastructure") general fixed assets are not capitalized. No depreciation has been provided on general fixed assets.

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair market value on the date donated.

The account group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

## NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## E) BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The 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 net current assets. The modified accrual basis of accounting is used by the governmental funds. The records of the South Tangipahoa Parish Port Commission are maintained on a cash basis of accounting. However, the governmental funds reported in the accompanying financial statements have been converted to a modified accrual basis of accounting utilizing the following practices.

## Revenues

Revenues are generally recognized when they become measurable and available as net current assets. 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. Ad valorem taxes are assessed on a calendar year basis, become due on November 15, of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Federal and state grants are recorded when the reimbursable expenditures have been incurred.

Revenues from rentals are recorded when earned.

Substantially all other revenues are recorded when received.

## Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on long-term debt, which are not recognized until due.

## Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources.

## NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## F) BUDGETS

The Port Commission uses the following budget practices:

- 1) The Port Commission prepares its budget on the modified accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The Port Commission adopted a budget for the General Fund for 1996.
- 2) The Port Commission's treasurer prepares the proposed budget and submits the same to the president and board of commissioners no later than fifteen days prior to the beginning of each fiscal year. The proposed budget for 1996 was presented to the president and board of commissioners on November 30, 1995.
- 3) A summary of the proposed budget is published in the official journal and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. The proposed budget for 1996 was published in the official journal on November 29 and December 6, 1995.
- 4) A public hearing is held on the proposed budget after publication of the call for the hearing. The public hearing on the proposed budget for 1996 was held on December 14, 1995.
- 5) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted. The proposed budget for 1996 was adopted on December 14, 1995.
- 6) Budgetary amendments require the approval of the president and board of commissioners. The budget for 1996 was amended on November 21, 1996.
- 7) All budgetary appropriations lapse at year-end.
- 8) Formal budgetary integration is not employed; however, periodic budget comparisons are made as a part of interim reporting. Budgeted amounts included in the accompanying financial statements include the originally adopted budget amounts.

The Port Commission is not subject to the provisions of the Budget Act.

## G) ENCUMBRANCES

The Port Commission does not utilize encumbrance accounting.