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NATCHITOCHEES PARISH PORT COMMISSION
ANNUAL FINANCIAL REPORT
DECEMBER 31, 1995

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 8-14-96

Natchitoches Parish Port Commission

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Johnson, Thomas & Cunningham

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of the Natchitoches
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, 1995, 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, 1995, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Johnson, Thomas & Cunningham
Johnson, Thomas & Cunningham, CPA's

June 27, 1996
Natchitoches, Louisiana

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS-OVERVIEW)

Natchitoches Parish Port Commission
Combined Balance Sheet - Fund Type and Account Group
December 31, 1995

	Governmental <u>Fund Type</u> General <u>Fund</u>	Account <u>Group</u> General Long- General <u>Term Debt</u> <u>Assets</u>		Totals <u>Memorandum Only</u> December 31, 1995
<u>Assets</u>				
Cash	\$86,768	\$ 0	\$ 0	\$ 86,768
Amount to be Provided for Payment of Long-Term Debt	0	507,932	0	507,932
Land	0	0	178,931	178,931
Equipment	0	0	8,062	8,062
Site Improvements	<u>0</u>	<u>0</u>	<u>4,810</u>	<u>4,810</u>
Total Assets	<u>\$86,768</u>	<u>\$507,932</u>	<u>\$191,803</u>	<u>\$786,503</u>
<u>Liabilities</u>				
Accounts Payable	\$ 1,902	\$ 0	\$ 0	\$ 1,902
Notes Payable - Long-Term Debt	<u>0</u>	<u>507,932</u>	<u>0</u>	<u>507,932</u>
Total Liabilities	\$ 1,902	\$507,932	\$ 0	\$509,834
<u>Fund Equity</u>				
Investment in General Fixed Assets	\$ 0	\$ 0	\$191,803	\$191,803
Fund Balance- Unreserved-Undesignated	<u>84,866</u>	<u>0</u>	<u>0</u>	<u>84,866</u>
Total Liabilities and Fund Balance	<u>\$86,768</u>	<u>\$507,932</u>	<u>\$191,803</u>	<u>\$786,503</u>

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, 1995

	<u>1995</u>		Variance- Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
REVENUES:			
Miscellaneous-Cleco	\$ 60,000	\$ 55,000	\$ (5,000)
Other Miscellaneous	1,500	1,000	(500)
Intergovernmental	41,000	40,000	(1,000)
Interest	<u>950</u>	<u>1,000</u>	<u>50</u>
Total Revenues	\$ <u>103,450</u>	\$ <u>97,000</u>	\$ <u>(6,450)</u>
EXPENDITURES:			
Current-			
General Government-			
Salaries	35,000	33,908	1,092
Legal & Accounting	30,000	31,222	(1,222)
Employee Benefits	6,500	6,021	479
Travel & Entertainment	3,250	3,313	(63)
Advertising	2,500	2,124	376
Office	2,000	1,712	288
Insurance	1,600	1,556	44
Bank Fees	250	200	50
Taxes & Licenses	100	105	(5)
Public Works-			
Engineering	75,000	72,917	2,083
Consulting & Appraisals	7,000	7,150	(150)
Maintenance & Repairs	2,000	1,812	188
Capital Outlay-			
Equipment Purchases	10,000	8,062	1,938
Site Improvements	<u>5,500</u>	<u>4,810</u>	<u>690</u>
Total Expenditures	\$ <u>180,700</u>	\$ <u>174,912</u>	\$ <u>5,788</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, 1995

(Continued)

	1995		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
Excess (Deficiency) of Revenues over Expenditures	\$ (77,250)	\$(77,912)	\$ (662)
OTHER FINANCING SOURCES:			
Debt Proceeds	\$165,000	158,124	(6,876)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	\$ 87,750	\$ 80,212	\$ (7,538)
Fund Balance-Beginning of Year	<u>4,654</u>	<u>4,654</u>	<u>0</u>
Fund Balance-End of Year	\$ <u>92,404</u>	\$ <u>84,866</u>	\$ <u>(7,538)</u>

See notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Natchitoches Parish Port Commission
Notes to Financial Statements
December 31, 1995

Introduction

The Natchitoches Parish Port Commission was created by Acts 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 judgement, 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 one employee.

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, 1995

Because the State of Louisiana created by ordinance 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 accounts of the Commission are organized on the basis of a fund and an account group, each of which is considered a separate accounting entity. The operations of the fund and account group are accounted for with a separate set of self-balancing accounts that comprise the assets, liabilities, fund equity, revenues and expenditures. Revenues are accounted for based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The fund presented in the accompanying financial statements is described as follows:

Governmental Fund Type-

General Fund-The General Fund is the general operating fund of the Commission. It is used to account for all financial resources of the Commission.

Long-Term Liabilities-

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

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

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

Basis of Accounting-

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

Natchitoches Parish Port Commission
Notes to Financial Statements
December 31, 1995

The governmental fund is accounted for using the modified accrual basis of accounting. Its revenues are recognized when they become measurable and available as net current assets. Interest on bank accounts is considered to be susceptible to accrual.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is that principal and interest on general long-term debt is recognized when due.

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. Budget appropriations lapse at the end of each year.

Encumbrances-

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

The Natchitoches Parish Port Commission has no unpaid accumulated vacation and sick pay.

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, 1995

2. Changes in General Long-Term Debt:

The following is a summary of the long-term debt transactions for the year ended December 31, 1995:

Long-Term Debt Payable at January 1	\$349,808
Long-Term Debt incurred during the year	<u>158,124</u>
Long-Term Debt Payable at December 31	\$507,932

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 \$1,120,000. No payment schedule has been agreed upon at December 31, 1995, and no payments are currently required.

3. Cash and Cash Equivalents:

All cash funds of the Commission are insured by the FDIC.

4. General Fixed Assets:

A summary of changes in General fixed assets follows:

	Balance <u>01-01-95</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12-31-95</u>
Land	\$178,931	\$ 0	\$ 0	\$178,931
Equipment & Improvements	<u>0</u>	<u>12,872</u>	<u>0</u>	<u>12,872</u>
Totals	<u>\$178,931</u>	<u>\$12,872</u>	<u>\$ 0</u>	<u>\$191,803</u>

Natchitoches Parish Port Commission
Notes to Financial Statements
December 31, 1995

5. Pension Plan

All employees of the Natchitoches Parish Port Commission are members of the Parochial Employees Retirement System of Louisiana ("System"), a multiple-employer, public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Natchitoches Parish Port Commission are members of Plan A. For the year ended December 31, 1995, the total payroll for employees of the Natchitoches Parish Port Commission covered by the System was \$33,908. The total payroll for all employees of the Natchitoches Parish Port Commission was \$33,908.

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

Contributions to the System include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B, based proportionately on the salaries of the active members of each plan. State statute requires employees covered by Plan A to contribute 9.50 per cent of their salaries to the System; the Commission must contribute 8.00 per cent of the salary of each employee covered by Plan A as an employer match.

Although contributions are determined by state statute rather than actuarial calculations, actuarially required contributions are determined for the System. For the year ended December 31, 1995, the System's total actuarially required contribution from all sources (dedicated taxes, employees, and employers) was \$49,475,295. The total payroll of all covered employees of the System for the year ended December 31, 1995, is not available. For the year ended December 31, 1994, the total actuarially required contribution was 16.82 per cent of the total covered payroll on December 31, 1994. It is estimated that dedicated taxes received by the System for the year ended December 31, 1995, will provide \$2,735,554 (or .93 per cent of total covered payroll), indicating an actuarially required \$51,475,485 or 17.50 per cent of the December 31, 1994, covered payroll.

Natchitoches Parish Port Commission
Notes to
Financial Statements
December 31, 1995

The statutorily required contribution by the Commission for the year ended December 31, 1995, was \$5,934, which consisted of \$2,713 as the employer's share and \$3,221 from covered employees. The actuarially required contribution by the Commission and its employees for the year ended December 31, 1995, was \$5,687 which represents .175 per cent of the total actuarially required contribution of all participating employers and employees. The actual contribution made by the Natchitoches Parish Port Commission was \$5,879, which consisted of \$2,267 as employees contributions and \$3,612 as the employer contribution. The pension benefit obligation is a standardized measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rated benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on the going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The System does not make separate measurements of assets and pension benefit obligations for individual employers. The pension benefit obligation at December 31, 1994, determined through an actuarial valuation performed as of that date, was \$691,858,596. The net assets available for benefits on that date (amortized cost value) was \$597,625,304, leaving an unfunded pension benefit obligation of \$94,233,292.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's December 31, 1994 comprehensive annual financial report. The Natchitoches Parish Port Commission does not guarantee the benefits granted by the System.

6. Pending Litigation:

At December 31, 1995, the Commission was a party in a civil suit relating to the expropriation of land for port development. As of the date of this statement, this suit had yet to be scheduled for trial and a determination of its outcome cannot be given at the current time.

INTERNAL CONTROL AND COMPLIANCE

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Certified Public Accountants

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AUDITOR'S REPORT ON THE INTERNAL CONTROL
STRUCTURE IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
of the Natchitoches Parish Port Commission

We have audited the accompanying 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, 1995, and have issued our report thereon dated June 24, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements covered by our report are free of material misstatement.

The management of the Natchitoches Parish Port Commission is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are 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 general purpose financial statements of the Natchitoches Parish Port Commission for the year ended December 31, 1995, we obtained an understanding of the internal control 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 general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

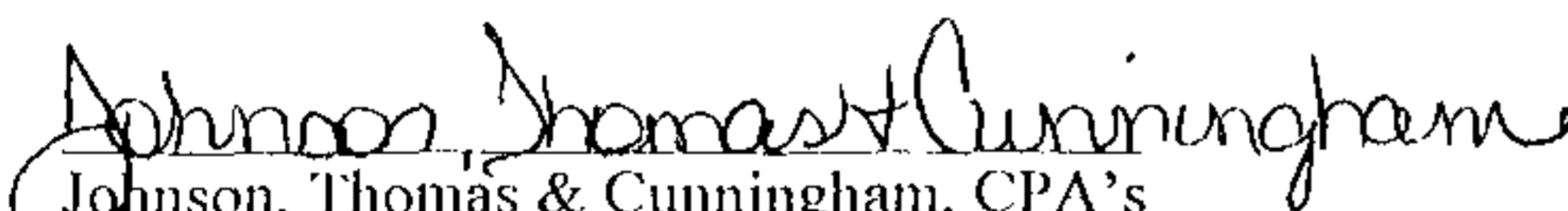
We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. A reportable condition involves matters coming to our attention relating to significant 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 general purpose financial statements.

A material weakness is a reportable condition in which the design or operation of the specific 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 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.

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 noted the following matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of Natchitoches Parish Port Commission for the year ended December 31, 1995.

Our study and evaluation disclosed that due to a lack of personnel, there are no separation of duties in the Commission's office. This lack of separation of duties constitutes a material weakness in internal control, however, it is not practicable for the Commission to add accounting personnel.

This report is intended solely for the use of management, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Natchitoches Parish Port Commission, is a matter of public record.


Johnson, Thomas & Cunningham, CPA's

June 24, 1996
Natchitoches, Louisiana

Johnson, Thomas & Cunningham

Certified Public Accountants

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COMPLIANCE REPORT BASED ON AN AUDIT
OF FINANCIAL STATEMENTS IN ACCORDANCE
WITH GOVERNMENTAL 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 Natchitoches Parish Police Jury, as of and for the year ended December 31, 1995, and have issued our report thereon dated June 24, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, 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 being audited are free of material misstatement.

Compliance with laws, regulations, and contracts applicable to the Natchitoches Parish Port Commission, is the responsibility of the Commission's management. As part of obtaining reasonable assurance about whether the aforementioned financial statements are free of material misstatement, we performed tests of the Commission's compliance with certain provisions of laws, regulations, and contracts. However, our objective 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 under Government Auditing Standards.

This report is intended for the information of management. This restriction is not intended to limit the distribution of this report, which, upon delivery to the Natchitoches Parish Port Commission, is a matter of public record.

Johnson, Thomas & Cunningham
Johnson, Thomas & Cunningham, CPA's

June 24, 1996
Natchitoches, Louisiana