

(1) Organization and Significant Accounting Policies (Continued)

The accrual basis of accounting is utilized by the proprietary fund type. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

(b) Basis of Presentation

The accounts of the Port Commission are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The following fund types and account groups are used by the Port Commission:

GOVERNMENTAL FUNDS

Governmental funds account for all or most of the Port 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 Port Commission accounts for all financial resources, except those required to be accounted for in other funds.

Capital Projects Fund

The capital projects fund accounts for the receipt and disbursement of financial resources used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

PROPRIETARY FUND

Enterprise Fund

The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing services are financed primarily through user charges. The Enterprise Fund consists of the Intermodal Container Handling Facility.

ACCOUNT GROUPS

General Fixed Assets Group of Accounts

The general fixed assets account group is used to establish accounting control and accountability for all fixed assets of the Port Commission, except those included in the Enterprise Fund. All fixed assets are valued at historical cost. No depreciation is recorded on general fixed assets.

General Long-Term Debt Group of Accounts

The general long-term debt group of accounts is used to account for the outstanding principal balance of all long-term debt of the Port Commission, except for any long-term debt included in the Enterprise Fund.

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. 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 general purpose financial statements.

We noted that in several instances there was no evidence of authorization from management for payment of certain invoices. Management has taken the necessary steps to correct this condition.

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 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 believe the reportable condition described above is not a material weakness.

This report is intended for the information of the Board of Commissioners and management. However, this report is a matter of public record and its distribution is not limited.

Heard, McElroy & Vostal LLP

HEARD, McELROY & VESTAL, L.L.P.

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February 6, 1997

The Board of Commissioners
Caddo-Bossier Port Commission
Shreveport, Louisiana

Report on the Internal Control Structure in Accordance With Government Auditing Standards

We have audited the general purpose financial statements of Caddo-Bossier Port Commission as of and for the year ended December 31, 1996, and have issued our report thereon dated February 6, 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 general purpose financial statements are free of material misstatement.

The management of Caddo-Bossier Port 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 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 general purpose 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 Caddo-Bossier Port Commission, for the year ended December 31, 1996, 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 financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

HEARD, McELROY & VESTAL, L.L.P.

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February 6, 1997

The Board of Commissioners
Caddo-Bossier Port Commission
Shreveport, Louisiana

Compliance Report Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards

We have audited the general purpose financial statements of the Caddo-Bossier Port Commission as of and for the year ended December 31, 1996, and have issued our report thereon dated February 6, 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 general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Caddo-Bossier Port Commission is the responsibility of the Caddo-Bossier Port Commission's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Caddo-Bossier Port Commission's compliance with certain provisions of laws, regulations, contracts, and grants. However, 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 under Government Auditing Standards.

This report is intended for the information of the Board of Commissioners and management. However, this report is a matter of public record and its distribution is not limited.

Heard, McElroy & Vestal, LLP

OTHER FINANCIAL INFORMATION

(14) Note Payable

The Port issued Bond Anticipation Notes in 1995 not to exceed \$11,950,000 to provide interim financing for the cost of constructing and acquiring improvements and extensions to the waterworks system at the Port site. The principal and interest of these notes is payable from the proceeds of an authorized but unissued water revenue bond, which is anticipated to be issued June, 1997, which is the date that the Bond Anticipation Notes are due. Interest is equal to the Note Index Rate plus one hundred and five basis points, not to exceed ten per cent per annum. (Note Index Rate is the yield for the most recent 13-week Treasury Bill auction.) The balance of the note at December 31, 1996, was \$9,314,184, which included interest paid totaling \$545,992. This note is included in the Capital Projects Fund.

(15) Operating Agreement-Intermodal Container Handling Facility

During 1995, the Port entered into an agreement with Ryan Walsh, Inc. to convey operating rights of the Intermodal Container Handling Facility for a term of three years. All terminal charges are to accrue to Ryan Walsh, who will in turn pay the Port a percentage of the billable revenue, depending on the amount of the revenue. Ryan Walsh has also agreed to pay the Port a yearly fee based on the number of lifts per year.

(16) Deferred Revenue

During the year, the Port entered into a lease agreement with Quaker State Corporation for the lease of a 94.5 acre tract of land at the Port site. The lease is for a term of twenty years from November 1, 1994, and the total rent of \$1,030,540 was prepaid. Rental income of \$18,634 was recognized in 1996.

(17) Litigation

As of December 31, 1996, the Port was involved in two lawsuits. First, the Port has filed suit for return of overpayment made by the Port to a contractor for construction work which the Port claims was not authorized, but was approved for payment by the Port's consulting engineers. Secondly, the Port has filed suit against the Caddo Sales and Use Tax Commission for a declaratory judgment concerning the Port's exemption from sales tax, which the Port believes should extend to construction materials purchased by contractors as agent for the Port. This litigation is in preliminary stages, and the outcome is difficult to predict.

(18) Rental Income Under Operating Leases

The Port is a lessor of certain property which consists principally of acreage and the use of a petroleum dock. Some leases contain option renewal periods. Following is a schedule by year of future rental income to be received under noncancelable operating leases in effect as of December 31, 1996:

Year Ending December 31:

1997	135,940
1998	90,795
1999	90,795
2000	90,795
2001	90,795
Thereafter	1,282,490

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CADDO-BOSSIER PORT COMMISSION

SHREVEPORT, LOUISIANA

DECEMBER 31, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the parish clerk of court, and entity and other interested public officials. The report is also 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 MAY 28 1997

CADDO-BOSSIER PORT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1996

(1) Organization and Significant Accounting Policies

Organization

The Caddo-Bossier Port Commission ("Port Commission") is a political subdivision of the State of Louisiana and was created by Act 1975 No. 66 and numbered Chapter 37 Sections 34:3158 through 34:3165 under authority of R. S. 24:253 continued as a statute from Article VI, Section 32 of the Constitution of the State of Louisiana of 1921. The Port Commission has the power to regulate the commerce and traffic within the Caddo-Bossier port area.

The Port is governed by a Board of nine Commissioners; one each is appointed by the Bossier Parish Police Jury and the Caddo Parish Commission, five are appointed by the governing authority of the City of Shreveport, and two are appointed by the City of Bossier City. The Commissioners are not compensated for their services. They are, however, reimbursed in full for travel expenditures.

Title to all property and improvements operated by the Port Commission is held for the public and vests in the Port Commission for public administration, subject to the right of the Port Commission to lease, sell or otherwise dispose of the property with proper public notice.

Significant Accounting Policies

The accounting and reporting policies of the Port Commission conform to generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

(a) 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 generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

CADDO-BOSSIER PORT COMMISSION

PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1996

<u>Operating revenues:</u>	
Charges for services	9,213
<u>Operating expenses:</u>	
Depreciation	123,828
Insurance	643
Legal and accounting	<u>2,250</u>
Total operating expenses	<u>126,721</u>
<u>Net loss</u>	(117,508)
<u>Retained earnings:</u>	
Balance (deficit) at beginning of year	(663,677)
Balance (deficit) at end of year	<u>(781,185)</u>

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

(13) Long-Term Debt (Continued)

<u>Description</u>	<u>Amount of Original Issue (Bonds Only)</u>	<u>Issued 1996</u>	<u>Balance December 31, 1996</u>
Limited Tax Bonds, Series 1995-C Principal paid March 1, interest paid March 1 and September 1, secured and payable from the proceeds of 2 1/2 mill ad valorem tax, interest rates from 5% to 8%, final maturity 3/1/2015	4,770,000	-	4,770,000
Sewer Limited Tax Bonds, Series 1995 Principal payments begin March 1, 1997, interest payments began September 1, 1995, interest rate 2.45%, final maturity 3/1/2016	6,600,000	<u>1,377,738</u>	<u>6,250,329</u>
Total general long-term debt		<u>1,377,738</u>	<u>17,600,329</u>

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of December 31, 1996 are as follows:

	<u>Year Ending December 31</u>	<u>General Long-Term Debt</u>
	1997	1,420,605
	1998	1,422,030
	1999	1,411,434
	2000	1,408,816
	2001-2005	6,930,866
	2006-2010	6,950,008
	2011-2015	7,202,664
	2016	<u>436,343</u>
Total		27,182,766
<u>Less-interest</u>		<u>9,232,766</u>
Outstanding principal*		<u>17,950,000</u>

*Assumes loan draws of total authorized amount.

There are a number of limitations and restrictions contained in the bond indentures. The Port is in compliance with all significant limitations and restrictions.

<u>Account Groups</u>		<u>Totals</u>	
<u>General</u>	<u>General</u>	<u>(Memorandum Only)</u>	
<u>Fixed Assets</u>	<u>Long-Term Debt</u>	<u>1996</u>	<u>1995</u>
-	-	2,414,988	6,409,769
-	-	1,599,944	399,691
-	-	15,099	14,567
-	-	1,954,046	1,697,985
-	-	216,016	499,415
-	-	7,889	12,725
-	-	-	3,200
45,775,439	-	47,894,299	33,720,017
-	17,148,672	17,148,672	15,828,600
-	451,657	451,657	393,992
<u>45,775,439</u>	<u>17,600,329</u>	<u>71,702,610</u>	<u>58,979,961</u>
-	-	9,314,184	5,584,143
-	-	565,910	1,286,933
-	-	51,677	1,167
-	-	2,965,952	1,716,888
-	-	7,889	12,725
-	17,600,329	17,600,329	16,222,592
-	17,600,329	30,505,941	24,824,448
-	-	2,894,435	2,894,435
45,775,439	-	45,775,439	31,477,330
-	-	(781,185)	(663,677)
-	-	(10,592)	79,454
-	-	(7,133,085)	(26,021)
-	-	451,657	393,992
<u>45,775,439</u>	<u>-</u>	<u>41,196,669</u>	<u>34,155,513</u>
<u>45,775,439</u>	<u>17,600,329</u>	<u>71,702,610</u>	<u>58,979,961</u>

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February 6, 1997

The Board of Commissioners
Caddo-Bossier Port Commission
Shreveport, Louisiana

Independent Auditor's Report

We have audited the accompanying general purpose financial statements of the Caddo-Bossier Port Commission as of December 31, 1996, and for the year then ended. These general purpose financial statements are the responsibility of the Caddo-Bossier Port Commission's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Caddo-Bossier Port Commission, as of December 31, 1996, and the results of its operations and the cash flows of its proprietary fund 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 February 6, 1997 on our consideration of the Commission's internal control structure and a report dated February 6, 1997 on its compliance with laws and regulations.

Heard, McElroy & Vestal, LLP

AUDITED FINANCIAL STATEMENTS

CADDO-BOSSIER PORT COMMISSION
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 1996

<u>Cash flows from operating activities:</u>	
Net loss	(117,508)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation expense	123,828
(Increase):	
Account receivable	(1,484)
(Decrease):	
Due to other funds	<u>(4,836)</u>
Total adjustments	<u>117,508</u>
Net cash provided by operating activities	<u> -</u>
 <u>Net decrease in cash</u>	 <u> -</u>
 <u>Cash and cash equivalents, beginning of year</u>	 <u> -</u>
 <u>Cash and cash equivalents, end of year</u>	 <u> -</u>

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

CADDO-BOSSIER PORT COMMISSION

ALL FUNDS AND ACCOUNT GROUPS

COMBINED BALANCE SHEET AS OF DECEMBER 31, 1996

<u>A S S E T S</u>	<u>Governmental Funds</u>			<u>Proprietary</u>
	<u>General</u>	<u>Capital</u>	<u>Debt</u>	<u>Funds</u>
		<u>Projects</u>	<u>Service</u>	<u>Enterprise</u>
				<u>Fund</u>
Cash and interest-bearing deposits-Note 2	7,365	1,955,966	451,657	-
Investment in U.S. Treasury bills (fair market value at December 31, 1996, \$1,589,511)	-	1,599,944	-	-
Accrued interest receivable	-	15,099	-	-
Accounts receivable-ad valorem taxes, net of allowance for uncollectibles of \$124,726 for 1996-Note 10	-	1,954,046	-	-
Accounts receivable-other-Note 9	3,308	210,429	-	2,279
Due from other funds	-	7,889	-	-
Prepaid expenses	-	-	-	-
Land, buildings and equipment (net, where applicable, of accumulated depreciation)-Note 4	-	-	-	2,118,860
Amount to be provided for retirement of general long-term debt-Note 13	-	-	-	-
Amount available in debt service fund	-	-	-	-
Total assets	<u>10,673</u>	<u>5,743,373</u>	<u>451,657</u>	<u>2,121,139</u>
 <u>LIABILITIES AND FUND EQUITY</u>				
<u>Liabilities:</u>				
Note payable bond anticipation notes-Note 14	-	9,314,184	-	-
Accounts payable	19,717	546,193	-	-
Accrued liabilities payable	1,548	50,129	-	-
Deferred revenue-Notes 10 and 16	-	2,965,952	-	-
Due to other funds	-	-	-	7,889
Long-term debt-Note 13	-	-	-	-
Total liabilities	<u>21,265</u>	<u>12,876,458</u>	<u>-</u>	<u>7,889</u>
 <u>Fund equity:</u>				
Contributed capital-Note 6	-	-	-	2,894,435
Investment in general fixed assets-Note 4	-	-	-	-
Retained earnings (deficit)-Note 5	-	-	-	(781,185)
Fund balance-unreserved:				
Undesignated (deficit)	(10,592)	-	-	-
Designated for capital improvements (deficit)-Note 5	-	(7,133,085)	-	-
Fund balance reserved for debt service	-	-	451,657	-
Total fund equity (deficit)	<u>(10,592)</u>	<u>(7,133,085)</u>	<u>451,657</u>	<u>2,113,250</u>
Total liabilities and fund equity	<u>10,673</u>	<u>5,743,373</u>	<u>451,657</u>	<u>2,121,139</u>

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

(9) Accounts Receivable-Other

Since 1994, the Port has spent \$435,478 for a study and design regarding the Intermodal expanded facility at the Kansas City Southern Railway's Deramus Yard. These expenditures are to be reimbursed by the Railway to the Port in accordance with its agreement, and have been shown as an accounts receivable in the capital projects fund. The balance due at December 31, 1996 was \$80,800. The remaining balance of \$129,629 accounts receivable-other is due from the Department of Transportation and Development for Phase ID.

(10) Property Taxes

On April 3, 1993, the voters of Caddo and Bossier parishes approved a special tax of 2 1/2 mills to be levied on the property subject to taxation in the port area consisting of Caddo and Bossier Parishes for a period of twenty-five years, commencing with the year 1993, for the purpose of site acquisition and for constructing, acquiring, improving and equipping docks and wharves, transfer and storage facilities, commercial and industrial facilities and other port, transportation and infrastructure facilities and improvements within the port area, and for paying the commission's expenses of administering, maintaining, operating and marketing its facilities in the port area. The Port Commission included projected revenues from this tax assessment in its budget for the year 1997. Therefore, anticipated revenues from the 1996 assessment have been recorded as deferred revenue for the year 1996 in the amount of \$2,078,772.

Property taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on January 1 of the following year. An allowance is established for delinquent taxes to the extent that their collectibility is estimated to be improbable.

(11) Leases

The Port Commission leased office space under a two-year lease at \$1,441 per month. Total rental expense for 1996 was \$13,907. Future minimum lease payments are as follows:

1997 15,847

(12) Deferred Compensation Plan

The Port Commission maintains a qualified deferred compensation plan under Section 401(k) of the Internal Revenue Code. Under the plan, employees may elect to defer up to seven and one-half percent (7½%) of their salary, subject to Internal Revenue service limits. The Port contributes a matching seven and one-half percent (7½%). Port Commission contributions to the plan amounted to \$19,660 and \$18,180 for 1996 and 1995.

(13) Long-Term Debt

During 1996, limited tax bonds were issued for the purpose of providing funds to pay for expenditures made in connection with the construction of the Port facilities. The bonds are special and limited obligations of the Port. Following is a summary of bonds payable, which are included in the general long-term debt group of accounts:

<u>Description</u>	<u>Amount of Original Issue (Bonds Only)</u>	<u>Issued 1996</u>	<u>Balance December 31, 1996</u>
Limited Tax Revenue and Refunding Bonds Series 1995-D, principal paid March 1, interest paid March 1 and September 1, secured and payable from the proceeds of 2 1/2 mill ad valorem tax, interest rates from 5% to 8%, final maturity 3/1/2015	6,580,000	-	6,580,000

CADDO-BOSSIER PORT COMMISSION

GOVERNMENTAL FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE FOR THE YEAR ENDED DECEMBER 31, 1996

	<u>Governmental Funds</u>			<u>Totals</u>	
	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>(Memorandum Only) 1996</u>	<u>1995</u>
<u>Revenues:</u>					
Intergovernmental-Note 3	40,000	3,900,885	-	3,940,885	1,126,776
Ad valorem taxes-Note 10	20,000	2,098,687	-	2,118,687	2,035,529
Lease rentals	160,912	18,634	-	179,546	173,987
Interest earned	274,181	77,781	246	352,208	168,613
Loss on redemption of securities	-	-	-	-	(2,201)
Miscellaneous income	8,728	-	-	8,728	5,000
Total revenues	<u>503,821</u>	<u>6,095,987</u>	<u>246</u>	<u>6,600,054</u>	<u>3,507,704</u>
<u>Expenditures:</u>					
Purchase of land	-	-	-	-	51,600
Purchase of office equipment- Note 4	-	6,629	-	6,629	11,879
General and administrative	458,301	82,472	-	540,773	541,375
Legal and accounting	9,375	65,665	-	75,040	278,432
Travel, promotion and marketing	125,829	8,668	-	134,497	181,665
Professional services	362	68,454	-	68,816	312,080
Interest expense	-	-	-	-	7,577
Construction in progress-Note 4	-	14,291,482	-	14,291,482	16,967,028
Total expenditures	<u>593,867</u>	<u>14,523,370</u>	<u>-</u>	<u>15,117,237</u>	<u>18,351,636</u>
<u>Excess (deficiency) of revenues over expenditures</u>	<u>(90,046)</u>	<u>(8,427,383)</u>	<u>246</u>	<u>(8,517,183)</u>	<u>(14,843,932)</u>
<u>Other financing sources:</u>					
Proceeds from limited tax bonds-Note 13	-	1,320,319	57,419	1,377,738	16,300,276
Net other financing sources	-	1,320,319	57,419	1,377,738	16,300,276
<u>Excess (deficiency) of revenues and other sources over expenditures</u>	<u>(90,046)</u>	<u>(7,107,064)</u>	<u>57,665</u>	<u>(7,139,445)</u>	<u>1,456,344</u>
<u>Fund balance:</u>					
Balance at beginning of year (deficit)	<u>79,454</u>	<u>(26,021)</u>	<u>393,992</u>	<u>447,425</u>	<u>(1,008,919)</u>
Balance at end of year (deficit)	<u>(10,592)</u>	<u>(7,133,085)</u>	<u>451,657</u>	<u>(6,692,020)</u>	<u>447,425</u>

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

CADDO-BOSSIER PORT COMMISSION

GOVERNMENTAL FUNDS-GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 1996

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Intergovernmental	40,000	40,000	-
Ad valorem taxes	226,800	20,000	(206,800)
Lease rentals	243,000	160,912	(82,088)
Interest earned	75,000	274,181	199,181
Operating revenues	10,000	-	(10,000)
Miscellaneous income	<u>5,000</u>	<u>8,728</u>	<u>3,728</u>
Total revenues	599,800	503,821	(95,979)
<u>Expenditures:</u>			
General and administrative	390,400	458,301	(67,901)
Travel, promotion and marketing	157,400	125,829	31,571
Professional services, including legal and accounting	<u>12,000</u>	<u>9,737</u>	<u>2,263</u>
Total expenditures	<u>559,800</u>	<u>593,867</u>	<u>(34,067)</u>
<u>Excess (deficiency) of revenues over expenditures</u>	40,000	(90,046)	(130,046)
<u>Fund balance:</u>			
Balance at beginning of year	<u>79,454</u>	<u>79,454</u>	-
Balance at end of year (deficit)	<u>119,454</u>	<u>(10,592)</u>	<u>(130,046)</u>

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

(1) Organization and Significant Accounting Policies (Continued)

(c) Budgets and Budgetary Accounting

The Port Commission utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- (1) A budget is prepared by the Port Commission at the beginning of each fiscal year based upon the upcoming needs during the fiscal year.
- (2) The budget is presented at a Port Commission meeting where the budget is formally adopted.
- (3) Comparison of budgeted and actual amounts is shown on page four for the general fund.

(d) Property, Plant and Equipment

General Fixed Assets Group of Accounts

Fixed assets used in governmental fund type operations are accounted for in the general fixed assets account group. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. No depreciation has been provided on general fixed assets. The general fixed assets 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. Interest costs are capitalized on major construction projects during the construction period.

Intermodal Container Handling Facility

Additions to the enterprise fund are recorded at cost or, if contributed property, at their book value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Intermodal Container Facility	30 years
Equipment	10 years

(e) Total Columns

The total columns on the combined 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 in conformity with generally accepted accounting principles and this data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(f) Comparative Data

Comparative total data for the prior year, which was summarized from the 1995 financial statements, has been presented in the accompanying financial statements in order to provide an understanding of changes in the Port Commission's financial position and operations and are not intended to present all information necessary for a fair presentation in accordance with generally accepted accounting principles. Comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

(1) Organization and Significant Accounting Policies (Continued)

(g) Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the enterprise fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(2) Cash

All deposits of the Port Commission are held by area financial institutions. At December 31, 1996 and 1995, the carrying amounts of the Port Commission cash demand deposits were \$2,414,988 and \$6,409,769 and the bank balances were \$2,318,332 and \$5,758,846. These differences are due to deposits in transit and outstanding checks. At year end, all deposits were entirely covered by federal depository insurance, U. S. Government Securities, and/or collateralized with securities, as required by state law.

(3) Intergovernmental Revenues

The following governmental entities provided funding for the Port Commission during the year ended December 31, 1996:

<u>General Fund</u>	<u>Budget</u>	<u>Actual</u>
Red River Waterway Commission	<u>40,000</u>	<u>40,000</u>
<u>Capital Projects Fund</u>		
State Bond Commission	1,000,000	-
State of Louisiana Department of Transportation and Development	5,378,200	3,447,968
Red River Waterway Commission	<u>1,174,594</u>	<u>452,917</u>
	<u>7,552,794</u>	<u>3,900,885</u>

(4) Property, Plant, and Equipment

A summary of changes in general fixed assets follows:

	<u>1995</u>	<u>Additions</u>	<u>1996</u>
<u>General fixed assets:</u>			
Land, including acquisition costs	6,830,039	-	6,830,039
Port development	197,354	-	197,354
Furniture and fixtures	12,710	5,528	18,238
Office equipment	32,940	1,100	34,040
Construction in progress	<u>24,404,287</u>	<u>14,291,481</u>	<u>38,695,768</u>
	<u>31,477,330</u>	<u>14,298,109</u>	<u>45,775,439</u>
		<u>1996</u>	<u>1995</u>
<u>Investment in general fixed assets by source:</u>			
Ad valorem taxes		4,985,937	3,016,094
State grants and proceeds from debt		39,638,775	27,310,509
General fund revenues		210,956	210,956
Federal grants		<u>939,771</u>	<u>939,771</u>
		<u>45,775,439</u>	<u>31,477,330</u>

(4) Property, Plant, and Equipment (Continued)

During the year ended December 31, 1996, construction in progress consisted mainly of Phase 1D, construction of the water and sewer project, railroad access, and access roads. Total capitalized interest costs included in construction in progress was \$1,309,487 for 1996, and \$245,714 for 1995.

The following is a summary of proprietary fund fixed assets:

	<u>1996</u>	<u>1995</u>
<u>Enterprise fund:</u>		
Intermodal container facility	2,183,006	2,183,006
Land, including acquisition costs	210,438	210,438
Equipment, including office equipment	<u>507,723</u>	<u>507,723</u>
	2,901,167	2,901,167
<u>Less-accumulated depreciation</u>	<u>(782,307)</u>	<u>(658,480)</u>
Net property, plant and equipment	<u>2,118,860</u>	<u>2,242,687</u>

(5) Fund Deficit

The retained earnings deficit in the Enterprise Fund of \$781,185 and \$663,677 at December 31, 1996 and 1995, is due mainly to the depreciation expense which has been accumulating since inception.

The fund balance deficit in the capital projects fund is due to the bond anticipation notes, which will be transferred to debt service when the bonds are issued.

(6) Contributed Capital

Contributed capital is recorded in the Enterprise Fund for capital grants restricted for the acquisition or construction of capital assets.

(7) Compensated Absences

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

Vacation - Accrues in the following manner:

1) 1st 5 years	1 day per month of employment
2) 6th through 10th year	1 ½ days per month of employment
3) 11th through 15th year	2 days per month of employment
4) Over 15 years	2 ½ days per month of employment

Upon voluntary resignation or retirement, an employee will be compensated for annual leave accumulated to the date of separation, provided he has completed twelve or more months of continuous service, and submitted notice at least two weeks in advance of the effective date of resignation.

Sick leave - Accrues at the rate of one day for each month of continuous employment.

(8) Budget Variances

During 1996, the Port Commission exceeded its budget in one area, as shown on Page 4, mainly due to the write-off of uncollectible lease payments due from Bio-Energy Development Corporation in the amount of \$62,394.

CADDO-BOSSIER PORT COMMISSION

SHREVEPORT, LOUISIANA

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