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**LAKE PROVIDENCE PORT COMMISSION**  
Lake Providence, Louisiana

**General Purpose Financial Statements**  
**With Independent Auditor's Report**  
**As of and for the Year Ended**  
**December 31, 1998**

Under provisions of state law, this report is a public document. A copy of this report has been retained in the records of the Commission, and copies are available to the public. This report is available for public inspection at the Office of the Auditor General, 1000 North Third Street, New Orleans, Louisiana, or at the office of the parish clerk of court.

Release Date: ~~4/14/99~~ 7-4-1999

**VERNON R  
COON**  
CHARTERED PUBLIC ACCOUNTANT

LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana

General Purpose Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended  
December 31, 1998

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## Independent Auditor's Report

STATE OF LOUISIANA  
OFFICE OF THE COMPTROLLER  
GENERAL

STATE OF LOUISIANA  
COMPTROLLER GENERAL  
BAGNOLAN

OFFICE OF THE  
COMPTROLLER  
GENERAL, BAPTIST  
AND FINANCIAL SERVICES

**BOARD OF COMMISSIONERS  
LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana**

I have audited the general purpose financial statements of the Lake Providence Port Commission, a component unit of the East Carroll Parish Police Jury, as of December 31, 1998, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Lake Providence Port Commission's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that I 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 financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements related above present fairly, in all material respects, the financial position of the Lake Providence Port Commission as of December 31, 1998, and the results of operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

THE COMPTROLLER GENERAL  
OFFICE OF THE  
COMPTROLLER  
GENERAL, BAPTIST  
AND FINANCIAL SERVICES  
1000 BAPTIST  
BLVD. SUITE 1000

BOARD OF COMMISSIONERS  
LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana  
Independent Auditor's Report,  
December 31, 1998

In accordance with Government Auditing Standards, I have also issued a report dated May 27, 1999, on the Lake Providence Port Commission's compliance with laws, regulations, contracts, and grants, and my consideration of the agency's internal control.



West Monroe, Louisiana  
May 27, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS  
(OVERVIEW)**

LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana  
PROPRIETARY FUND TYPE - ENTERPRISE FUND

Balance Sheet, December 31, 1998

**ASSETS**

Current assets:	
Cash	\$283,517
Receivables:	
Ad valorem taxes	73,150
State revenue sharing	4,750
Grant funds - state	117,701
Grant funds - federal	68,465
Other assets	250
Total current assets	<u>557,785</u>
Restricted assets:	
Cash and cash equivalents	116,529
Inventory, plant, and equipment (net of accumulated depreciation)	7,025,824
TOTAL ASSETS	<u>\$8,500,246</u>

**LIABILITIES AND FUND EQUITY**

Liabilities:	
Current liabilities payable from current assets:	
Accounts payable	522,555
Accrued interest payable	17,928
Construction contracts payable	182,280
Current portion of long-term debt	84,143
Total current liabilities payable from current assets	<u>806,886</u>
Payable from restricted assets - current portion of long-term debt	36,837
Long-term liabilities - Certificates of indebtedness	758,000
Total liabilities	<u>1,601,723</u>
Fund Equity:	
Contributed capital	5,861,184
Retained earnings:	
Reserved for construction	79,670
Unreserved - undesignated	2,267,647
Total retained earnings	<u>2,347,317</u>
Total Fund Equity	<u>7,408,501</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$8,500,246</u>

**LAKE PROVIDENCE PORT COMMISSION**  
 Lake Providence, Louisiana  
**PROPRIETARY FUND TYPE - ENTERPRISE FUND**

Statement of Revenues, Expenses, and  
 Changes in Retained Earnings  
 For the Year Ended December 31, 1988

<b>OPERATING REVENUES</b>	
Use of agency and property - leases	<u>\$375,446</u>
<b>OPERATING EXPENSES</b>	
Salaries and fringe benefits	47,990
Professional services	36,117
Advertising	3,524
Utilities	5,934
Telephone	1,382
Insurance	4,581
Materials and supplies	1,727
Travel	7,443
Repairs and maintenance	4,480
Dues and subscriptions	3,864
Rental expense	6,700
Depreciation	191,484
Other operating expenses	573
Total operating expenses	<u>285,776</u>
<b>OPERATING INCOME (Loss)</b>	<u>(10,331)</u>
<b>NON-OPERATING REVENUES (Expenses)</b>	
Ad valorem taxes	83,318
State revenue sharing	7,085
Interest income	21,088
Interest expense	(77,329)
Other non-operating income	100
Other non-operating expenses	(5,249)
Total non-operating revenues (expenses)	<u>31,013</u>
<b>NET INCOME</b>	20,702
<b>RETAINED EARNINGS AT BEGINNING OF YEAR</b>	<u>2,396,617</u>
<b>RETAINED EARNINGS AT END OF YEAR</b>	<u>\$2,547,319</u>

The accompanying notes are an integral part of this statement.

**LAKE PROVIDENCE PORT COMMISSION**  
 Lake Providence, Louisiana  
**PROPRIETARY FUND TYPE -**  
**ENTERPRISE FUND**

Statement of Cash Flows  
 For the Year Ended December 31, 1998

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating Loss	<u>(520,371)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	191,484
Increase in receivables	(185,399)
Increase in payables	183,091
Total adjustments	<u>189,176</u>
Net cash provided by operating activities	<u>168,805</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(741,373)
Principal paid on long-term debt	(113,000)
Interest paid on long-term debt	(77,329)
All valuations fee proceeds	83,318
State revenue sharing	7,895
Grant proceeds	688,412
Other	(3,189)
Total cash flows from capital and related financing activities	<u>(215,666)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earnings	<u>21,898</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(46,063)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>456,136</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$410,073</u></b>

The accompanying notes are an integral part of this statement.



LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended December 31, 1998

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Lake Providence Port Commission was created by Act 450 of the 1958 Session of the Louisiana Legislature as the governing authority of the Lake Providence Port, Harbor, and Terminal District. The board of commissioners consist of seven members: four appointed by the East Carroll Parish Police Jury, two by the Town of Lake Providence, and one elected by the six appointed members. The commissioners serve four year staggered terms without reappointment.

**A. REPORTING ENTITY**

As the governing authority of the parish, for reporting purposes, the East Carroll Parish Police Jury is the financial reporting entity for East Carroll Parish. The financial reporting entity consists of (a) the primary government (police jury), (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 (GASB) Statement No. 14 established criteria determining which component units should be considered part of the East Carroll Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. 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 police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are financially dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

**LAKE PROVIDENCE PORT COMMISSION**  
Lake Providence, Louisiana  
Notes to the Financial Statements (Continued)

Because the police jury appoints a voting majority of the commission's governing body, the agency was determined to be a component unit of the East Carroll Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds of the commission and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**B. FUND ACCOUNTING**

The Lake Providence Port Commission is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed primarily through user charges.

**C. BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement bases applied. The Enterprise Fund is reported in the accompanying financial statements on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

**D. FIXED ASSETS AND LONG-TERM DEBT**

Fixed assets of the commission are included on the balance sheet of the Enterprise Fund at cost. Depreciation of all depreciable fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over an estimated useful life of: 40-70 years for buildings and improvements other than buildings; 5 to 10 years for equipment; and 5 to 10 years for furniture and fixtures. Long-term debt is recognized within the Enterprise Fund.

LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana  
Notes to the Financial Statements (Continued)

**E. CASH AND CASH EQUIVALENTS**

Under state law, the commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The commission may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 1998, the commission has cash and cash equivalents (bank balances) totaling \$410,046 as follows:

Demand deposits	\$307,745
Time deposits	<u>102,301</u>
Total	<u>\$410,046</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at December 31, 1998, are secured as follows:

Bank balances	<u>\$403,323</u>
Federal deposit insurance	\$279,883
Pledged securities (uncollateralized)	<u>727,253</u>
Total	<u>\$1,068,289</u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the commission, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.306; however, Louisiana Revised Statute 79:1218 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the commission that the fiscal agent bank has failed to pay depositor funds upon demand.

For purposes of the statement of cash flows, cash equivalents include all highly liquid investments with a maturity date of three months or less when purchased.

## LAKE PROVIDENCE PORT COMMISSION

Lake Providence, Louisiana

Notes to the Financial Statements (Continued)

### F. VACATION AND SICK LEAVE

The director of the port earns from fourteen to twenty-four days of cumulative vacation and sick leave per year depending on length of service.

### G. RISK MANAGEMENT

The port commission is exposed to various risk of loss related to theft, fire of, damage to, and destruction of assets, errors and omissions, and injuries to employees and others. To handle each risk of loss, the port commission maintains insurance policies covering commercial property, professional liability, and workers compensation. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 1998.

### H. CONTRIBUTED CAPITAL

Grants received by the commission that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired from such contributions.

## 3. LEVIES, TAXES AND PRINCIPAL TAXPAYERS

The commission is authorized by voter approval to levy a 2.5 mill ad valorem tax in the parish for the purpose of carrying out its powers, including the payment of principal and interest on indebtedness incurred by the commission. The commission levied 3.26 mills for 1998. The difference between authorized and levied millages is the result of reassessments of taxable property in the parish as required by Article 7, Section 18 of the Louisiana Constitution of 1958. The following are the principal taxpayers for the parish and their 1998 assessed valuations:

	1998 Assessed Valuation	Per cent of Total Assessed Valuation
Trunkline Gas Company	2,667,820	8.50%
Columbia Gulf Transmission Company	1,103,330	3.52%
Southern Natural Gas Company	936,120	2.98%
Texasco Gas	881,120	2.84%
Energy Services, Inc.	770,430	2.46%

**LAKE PROVIDENCE PORT COMMISSION**  
**Lake Providence, Louisiana**  
**Notes to the Financial Statements (Continued)**

	1998 Assessed Valuation	Per cent of Total Assessed Valuation
McClouth Telecommunications	762,980	2.43%
Texas Eastern Transmission	640,080	2.04%
Keung Corporation	588,119	1.87%
Hibernia National Bank	553,200	1.76%
Torred Krosservice, Inc.	368,534	1.21%
<b>Total</b>	<u><b>8,309,823</b></u>	<u><b>29.67%</b></u>

**3. CHANGES FIXED ASSETS**

The following presents changes in fixed assets for the year ended December 31, 1998:

	Balance at January 1	Additions	Deletions	Balance at December 31
Land	\$838,318	\$15,462		\$853,780
Buildings	2,347,797			2,347,797
Improvements other than buildings	3,873,402	117,661		4,091,063
Equipment	1,037,499	447		1,037,946
Construction in progress	83,488	671,176	(543,376)	691,288
<b>Total</b>	<u><b>\$8,570,504</b></u>	<u><b>\$804,752</b></u>	<u><b>(543,376)</b></u>	<u><b>\$9,261,877</b></u>

The 1997 beginning balances have been restated to adjust for physical inventory taken by agency. Additions for improvements other than buildings contain \$63,376 that was reclassified from construction in progress for a project that was completed in the current year.

A summary of proprietary fixed type fixed assets at December 31, 1998, follows:

Land	\$838,383
Buildings/Improvements	6,658,660
Furniture/Equipment	1,037,946
Construction in progress	691,288
<b>Total</b>	<u><b>9,226,277</b></u>
Accumulated depreciation	<u><b>(1,423,953)</b></u>
<b>Net fixed assets</b>	<u><b>\$7,802,324</b></u>

LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana  
Notes to the Financial Statements (Continued)

4. PENSION PLAN

The one employee of the Lake Providence Port Commission is a member of the Louisiana State Employees' Retirement System (System), a cost-sharing multi-employer, defined benefit pension plan administered by a separate board of trustees. Generally, all full-time employees are eligible to participate in the system, with employee benefits vesting after 30 years of service.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (504) 922-8600.

Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Lake Providence Port Commission is required to contribute at an actuarially determined rate. The current rate is 13.9 percent of annual covered payroll. The contribution requirements of plan members and the Lake Providence Port Commission are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:102, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Lake Providence Port Commission's contributions to the system for the years ended December 31, 1998, 1997, and 1996, were \$5,536, \$4,714, and \$3,977, respectively, equal to the required contributions for each year.

5. LONG-TERM DEBT

Long-term debt payable at December 31, 1998, is comprised of the following individual issues:

\$325,000 - General obligation bonds issued March 1, 1974. Annual installments of \$25,000 are due through September 1, 1999, with interest at 5.25 per cent per annum.	\$25,000
\$1,300,000 - Certificates of indebtedness issued December 18, 1995, are due in annual installments from \$88,000 to \$152,000 through December 1, 2008, with interest at 8 per cent per annum.	<u>854,000</u>
	<u>\$879,000</u>

The annual requirements to amortize all outstanding debt at December 31, 1998, including interest of \$294,506, is as follows:

LAKE PROVIDENCE PORT COMMISSION  
 Lake Providence, Louisiana  
 Notes to the Financial Statements (Continued)

Year	
1999	\$289,976
2000	364,648
2001	364,328
2002	653,368
2003	653,768
2004-2005	<u>827,510</u>
Total	<u>\$3,173,576</u>

6. RESERVED RETAINED EARNINGS

A portion of retained earnings is reserved for future payment of construction costs. At December 31, 1998, reserved retained earnings consists of cash and cash equivalents totaling \$79,671.

7. LITIGATION AND CLAIMS

The Lake Providence Port Commission is not involved in any litigation at December 31, 1998, nor is it aware of any unasserted claims.

8. CAPITAL GRANT FUNDS

During the year ended December 31, 1998, the commission received \$688,412 in grant funds for the construction of and improvements to port facility fixed assets and infrastructure. The grant funds are included in fixed assets and contributed capital on Statement A and consist of the following:

Grantor Agency	Grant/Contract Number	Grant Amount
U.S. Department of Commerce	05-01-9101	\$142,556
Louisiana Department of Transportation	578-18-0014	331,285
	538-18-0015	84,571
Louisiana Governor's Office of Rural Development	9788-DCL-0001	<u>50,000</u>
Total grant funds		<u>\$688,412</u>

**LAKE PROVIDENCE PORT COMMISSION**

Lake Providence, Louisiana

Notes to the Financial Statements (Continued)

**9. YEAR 2000 ISSUE (Unaudited)**

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999. The Lake Providence Port Commission has completed an inventory of computer systems that may be affected by the year 2000 issue and that are critical to conducting operations of the fire district's office. Management of the fire district has contacted outside vendors for consultation, testing, and validation. The anticipated computer upgrade date is before December 31, 1999.



**Independent Auditor's Report Required  
by Government Auditing Standards**

The following independent auditor's report on compliance with laws, regulations, contracts, and grants, and internal control is prepared in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



**Independent Auditor's Report on Compliance and  
Internal Control Over Financial Reporting**

**LAKE PROVIDENCE PORT COMMISSION**  
Lake Providence, Louisiana

I have audited the general purpose financial statements of the Lake Providence Port Commission as of and for the year ended December 31, 1998 and have issued my report thereon dated May 27, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Lake Providence Port Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the Lake Providence Port Commission's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

**VERNON R. COON**  
MEMBER AMERICAN  
INSTITUTE OF CERTIFIED  
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LAKE PROVIDENCE PONT COMMISSION  
Lake Providence, Louisiana  
Independent Auditor's Report on Compliance  
And Internal Control Over Financial Reporting, etc.  
December 31, 1998

This report is intended for the information of the Lake Providence Pont Commission. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana  
May 27, 1999

LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana

Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Lake Providence Port Commission.
2. No instances of noncompliance material to the financial statements of Lake Providence Port Commission were disclosed during the audit.
3. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

LAKE PROVIDENCE PORT COMMISSION  
Lake Providence, Louisiana

Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 1997

There were no audit findings reported in the audit for the year ended December 31, 1997.