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CALVIN HOSMER PORT COMMISSION
SHREVEPORT, LOUISIANA
DECEMBER 31, 1988

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the auditor, an equivalent entity and other appropriate public officials. If a report is available for public inspection at the State Department of Administration Auditor and, where appropriate, at the office of the parish clerk of court.

By State Clerk _____
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CAPITOL BUILDING PORT COMMISSION

SHREVEPORT, LOUISIANA

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ANNEXED FINANCIAL STATEMENTS

March 1, 2009

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

Independent Auditor's Report

We have audited the accompanying general purpose financial statements of the Caddo-Boisier Port Commission as of December 31, 1988, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Caddo-Boisier 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 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 misstatements. 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-Boisier Port Commission, as of December 31, 1988, 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.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying other information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Caddo-Boisier Port Commission. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated March 1, 2009, on our consideration of the Commission's internal control structure and on its compliance with laws and regulations.

Heard, McKelroy & Vestal, LLP

CALEDONIAN PORT COMMISSION

ALL FUNDS AND ACCOUNT GROUPS

COMBINED BALANCE SHEET AS OF DECEMBER 31, 1998

ASSETS	Governmental Funds			Proprietary Fund
	General	Capital Projects	Water Revenue Fund	Enterprise Fund
Cash and interest-bearing deposits-Note 2	18,494	501,711	449,759	-
Certificates of deposit	-	1,000,000	458,000	-
Account interest receivable	-	8,347	-	-
Accounts receivable-land valuation taxes, net of allowance for uncollectibles of \$135,039 for 1998-Note 9	-	2,180,000	-	-
Accounts receivable-water	13,763	296,511	-	-
Due from other funds	320,568	-	-	-
Land, buildings and equipment (net, where applicable, of accumulated depreciation)-Note 4	-	-	-	1,871,225
Amounts to be provided for retirement of general long-term debt-Note 11	-	-	-	-
Amounts available in debt service fund	-	-	-	-
Total assets	353,025	4,046,891	899,759	1,871,225
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	7,130	884,281	-	-
Accrued liabilities payable	437	47,375	-	-
Deferred revenue-Notes 9 and 13	159,039	2,944,343	-	-
Due to other funds	-	320,568	-	-
Long-term debt-Note 11	-	-	-	-
Total liabilities	166,606	4,096,467	-	-
Fund equity:				
Contributed capital-Note 6	-	-	-	2,894,435
Investment in general fund assets-Note 4	-	-	-	-
Retained earnings (deficit)-Note 5	-	-	-	(3,813,210)
Fund balance-unappropriated	-	-	-	-
Undesignated (deficit)	41,369	-	-	-
Designated for capital improvements	-	330,409	-	-
Fund balance reserved for debt service	-	-	899,759	-
Total fund equity	41,369	330,409	899,759	1,871,225
Total liabilities and fund equity	213,925	4,046,891	899,759	1,871,225

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

Account Groups		Totals	
General	General	(Mastercard, Only)	
Fixed Assets	Long-Term Debt	1998	1997
-	-	1,378,864	1,535,096
-	-	1,458,808	1,050,080
-	-	8,242	77,011
-	-	2,138,238	2,091,837
-	-	618,474	735,026
-	-	238,568	-
61,901,136	-	63,772,881	58,546,513
-	27,514,838	27,514,838	28,184,770
-	898,258	898,258	898,133
<u>61,901,136</u>	<u>28,413,998</u>	<u>92,985,977</u>	<u>87,629,416</u>
-	-	898,258	897,748
-	-	47,818	55,037
-	-	3,138,382	3,051,189
-	-	238,568	-
-	28,414,998	28,414,998	29,003,000
-	28,414,998	28,272,908	29,058,040
-	-	2,894,435	2,894,435
61,901,136	-	61,901,136	51,251,280
-	-	(1,023,248)	(988,241)
-	-	31,998	4,183
-	-	238,408	1,280,674
-	-	898,258	898,258
<u>61,901,136</u>	<u>-</u>	<u>63,271,848</u>	<u>56,028,195</u>
<u>61,901,136</u>	<u>28,413,998</u>	<u>92,985,977</u>	<u>87,629,416</u>

CAROL RUSSELL PORT COMMISSION

GOVERNMENTAL FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE FOR THE YEAR ENDED DECEMBER 31, 1998

	Governmental Funds			Totals	
	General	Capital Projects	Water Revenue Bond Reserve Fund	Chattanooga (1998)	1997
Revenues:					
Intergovernmental-Note 2	48,808	8,354,037	-	8,194,171	1,649,909
Ad valorem taxes-Note 9	79,400	2,389,008	-	2,345,086	2,142,164
License rentals-Note 15	179,154	58,876	-	130,000	243,120
Water and sewer revenue	-	368,412	-	280,432	-
Port operations revenue	114,981	-	-	100,987	52,193
Interest earned	192,626	(5,402)	11,896	198,514	144,984
USA grants	-	-	-	-	23,000
Contribution for purchase of ambulances	-	125,000	-	115,000	-
Miscellaneous income	2,000	271,236	-	283,536	5,280
Total revenues	622,241	11,148,105	11,896	11,712,681	4,798,536
Expenditures:					
Purchase of office equipment-Note 4	-	5,215	-	5,215	18,882
Purchase of mineral lease	-	55,178	-	55,078	-
General and administrative	454,184	338,446	-	752,738	853,712
Tire station operation	-	207,284	-	207,284	-
Legal and accounting	-	141,815	-	141,815	164,273
Traffic, promotion and marketing	138,914	25,863	-	168,779	181,344
Professional services	19,899	93,681	-	73,489	113,316
Port operations	-	948,936	-	362,876	-
Debt service	-	1,365,787	857,258	2,803,657	258,379
Construction in progress-Note 4	-	8,902,897	-	8,902,001	3,759,859
Total expenditures	574,894	11,531,432	857,258	13,152,176	3,373,803
Excess (Deficiency) of revenues over expenditures	47,347	(373,267)	(645,354)	(660,154)	(1,775,259)
Other financing sources (uses):					
Proceeds from water revenue bonds-Note 12	-	-	-	-	11,280,000
Transfers between funds	13,112	(668,898)	(649,883)	-	-
Net other financing sources (uses)	13,112	(668,898)	(649,883)	-	11,280,000
Excess (Deficiency) of revenues and other sources over expenditures	53,542	(1,040,180)	4,529	(660,154)	9,311,741
 fund balance:					
Balance at beginning of year (deficit)	14,183	1,280,625	289,280	2,884,211	(6,659,859)
Balance at end of year	51,389	220,445	393,759	2,224,057	2,651,711

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

CADDEN-ROSSER PORT COMMISSION
 GOVERNMENTAL FUNDS-GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET BASIS AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 1995

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	48,800	48,800	-
Ad valorem taxes	78,400	78,400	-
License rentals	328,150	378,154	(50,004)
Interest earned	100,000	100,000	0
Operating revenues	115,000	116,567	1,567
Miscellaneous income	5,000	5,000	-
Total revenues	<u>611,350</u>	<u>612,961</u>	<u>1,611</u>
Expenditures:			
General and administrative	413,790	414,254	(464)
Travel, promotion and marketing	367,540	338,816	27,994
Professional services, including legal and accounting	<u>18,500</u>	<u>18,824</u>	<u>(324)</u>
Total expenditures	<u>800,830</u>	<u>771,894</u>	<u>28,936</u>
Excess of revenues over expenditures	11,350	38,467	26,917
Other financing sources:			
Transfers between funds	-----	27,119	(27,119)
Excess of revenues and other sources over expenditures	11,350	65,586	44,032
Fund balance:			
Balance at beginning of year (deficit)	<u>(4,183)</u>	<u>(4,183)</u>	<u>-----</u>
Balance at end of year	<u>7,387</u>	<u>21,399</u>	<u>44,032</u>

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

CADDO BOSSIER PORT COMMISSION

PROPERTY FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1998

Operating revenues:	
Charges for services	1,837
Operating expenses:	
Depreciation	<u>121,806</u>
Net loss	(119,969)
Retained earnings:	
Balance (deficit) at beginning of year	<u>(901,241)</u>
Balance (deficit) at end of year	<u>(1,021,210)</u>

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

CARDIFFROSSER FORT COMMISSION
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 1988

Cash flow from operating activities	
Net loss	(109,000)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation expense	121,000
(Differences):	
Accounts payable	(1,800)
Total adjustments	<u>119,200</u>
Net cash provided by operating activities	<u>10,200</u>
Net decrease in cash	-
Cash and cash equivalents, beginning of year	<u>-</u>
Cash and cash equivalents, end of year	<u>10,200</u>

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

CADDO-BOSHER PORT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998

00 Organization and Significant Accounting Policies

Organization

The Caddo-Bosher Port Commission ("Port Commission") is a political subdivision of the State of Louisiana and was created by Act 1975 No. 66 and amended Chapter 31 Sections 34.3158 through 34.3163 under authority of R. S. 34:253 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-Bosher port area.

The Port is governed by a Board of nine Commissioners; one each is appointed by the Iberian 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 on 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.

00 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. Depreciations are recorded when the related fund liability is incurred.

(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 as the time liabilities are incurred.

(a) 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 fund 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 reserve 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 FUNDS

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 Fund Asset Group of Accounts

The general fund 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 fund 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.

11) Organization and Significant Accounting Policies (Continued)

(c) Budgets and Budgetary Accounting

The Port Commission utilizes the following procedure 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 Commissioners 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 Asset 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 maintenance 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 estimated fair value as share 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 account and charging the resulting gain or loss to income. Depreciation has been calculated on such class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Intermodal Container Facility	20 years
Equipment	10 years

(e) Total Columns

The total columns on the combined statements are captioned "Monorail/Intermodal 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 1997 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 full 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 overly 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, 1998 and 1997, the carrying amounts of the Port Commission cash demand deposits were \$1,279,964 and \$1,516,990 and the bank balances were \$1,765,983 and \$1,808,308. 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, 1998:

General Fund	Budget	Actual
Red River Waterway Commission	<u>40,000</u>	<u>40,000</u>
<u>Capital Projects Fund</u>		
Facility Planning & Control	6,889,000	5,175,149
State of Louisiana Department of Transportation and Development	9,963,336	2,762,160
Red River Waterway Commission	<u>4,548,336</u>	<u>2,213,886</u>
	<u>21,331,592</u>	<u>8,125,137</u>

(4) Depreciable Plant and Equipment

A summary of changes in general fixed assets follows:

	1997	Additions	1998
<u>General fixed assets:</u>			
Land, including acquisition costs	6,829,039	-	6,829,039
Port development	197,354	-	197,354
Furniture and fixtures	23,762	-	23,762
Office equipment	48,598	5,235	53,793
Construction in progress	44,451,612	30,344,641	54,796,189
	<u>21,531,789</u>	<u>30,349,876</u>	<u>61,981,126</u>
		1998	1997
<u>Increases in general fixed assets by source available to:</u>			
Ad valorem taxes		7,181,636	4,983,937
State grants and proceeds from debt		53,568,733	43,434,646
General fund revenues		219,836	230,956
Federal grants		<u>938,721</u>	<u>938,721</u>
		<u>61,981,126</u>	<u>61,981,126</u>

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

During the year ended December 31, 1998, construction in progress continued mainly of Phase II), tank and storage facility, railroad access, and access roads. Total capitalized interest costs included in construction in progress were \$1,477,604 for 1998, and \$2,848,248 for 1997.

The following is a summary of proprietary fund fixed assets:

	1998	1997
Enterprise fund		
Intermodal container facility	2,183,000	2,183,000
Land, including acquisition costs	210,438	210,438
Equipment, including office equipment	587,723	587,723
	<u>2,981,161</u>	<u>2,981,161</u>
Less accumulated depreciation	<u>(1,029,941)</u>	<u>(908,135)</u>
Net property, plant and equipment	<u>1,951,220</u>	<u>2,073,026</u>

(5) **Fund Deficit**

The retained earnings deficit in the Enterprise Fund of \$1,025,210 and \$905,241 at December 31, 1998 and 1997, is due mainly to the depreciation expense which has been accumulating since inception.

(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 Absence**

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

Vacation - Accrues in the following manner:

- | | |
|------------------------------|--------------------------|
| 1) After 1 year of service | 10 days of paid vacation |
| 2) After 10 years of service | 15 days of paid vacation |

Part time employees shall accrue vacation on a pro rata basis. Employees may accumulate and carry forward five days of vacation but vacation carried forward must be taken before July 1 of the following year.

Sick leave - Earned by full-time employees at the rate of 3 days per year after one year of continuous employment and accumulating up to 30 weeks maximum. Part-time employees accumulate sick leave on a pro rata basis.

(8) **Budget Variations**

During 1998, the Port Commission exceeded its budget in two areas, as shown on Page 4, mainly due to additional legal fees associated with unanticipated lawsuits.

(9) Property Taxes

On April 3, 1995, the voters of Caddo and Bossier parishes approved a special tax of 3.6 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 commissioner's expenses of administering, maintaining, updating and marketing its facilities in the port area. The Port Commission included projected revenues from this tax assessment in its budget for the year 1998. Therefore, anticipated revenues from the 1998 assessment have been recorded as deferred revenue for the year 1998 in the amount of \$2,266,209. See Note 13 for an explanation of other deferred revenue.

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 considered to be improbable.

(10) Leases

The Port Commission leased office space under a 31-month lease at \$1,519 per month. Total rental expense for 1998 was \$12,878, which included rent of \$324 per month to sub-lease a conference room. Future minimum lease payments are as follows:

1999	<u>\$6,784</u>
------	----------------

The Port Commission also leased equipment during the year, under an operating lease. Future minimum lease payments under this operating lease are as follows:

1999	\$4,734
2000	\$4,734
2001	\$4,734
2002	\$4,734
2003	<u>\$4,080</u>
	<u>\$19,020</u>

(11) 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 (7 1/2%) of their salary, subject to Internal Revenue service limits. The Port contributes a matching seven and one-half percent (7 1/2%). Port Commission contributions to the plan amounted to \$27,795 and \$21,336 for 1998 and 1999.

(12) Long-Term Debt

During 1998, 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. During 1999, water revenue bonds were issued to pay the Bond Anticipation Note for interim financing to construct a wastewater system at the Port site. Following is a summary of bonds payable, which are included in the general long-term debt group of accounts:

(12) Long-Term Debt (Continued)

Description	Amount of Original Issue (Dollars Only)	Principal Payments	Issued 1998	Balance December 31, 1998
Water Revenue Bonds, Series 1995, principal payments begin 5/24/2000, interest payments begin 4/1/98, secured and payable from water revenue, interest at 5.5%, final maturity 5/24/2027	11,590,000	5,402	-	11,584,598
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	6,200,000	190,000	-	6,010,000
Limited Tax Bonds, Series 1993-C, principal paid March 1, interest paid March 1 and September 1, secured and payable from the proceeds of 1% mill ad valorem tax, interest rates from 5% to 8%, final maturity 3/1/2015	4,770,000	145,000	-	4,625,000
Seven Limited Tax Bonds, Series 1995, principal payments begin March 1, 1997, interest payments begin September 1, 1995, interest rate 2-4.5%, final maturity 3/1/2016	6,250,329	140,000	-	6,110,329
Total general long-term debt		<u>585,402</u>	<u>-</u>	<u>28,310,598</u>

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of December 31, 1998 are as follows:

Year Ending December 31	General Long-Term Debt
1999	2,804,317
2000	2,546,811
2001	2,152,688
2002	2,226,822
2003	2,121,918
2004-2008	18,561,098

(13) **Long-Term Debt (Continued)**

Year Ending December 31	General Long-Term Debt
2009-2013	10,702,028
2004-2010	7,072,265
2010-2025	3,785,700
2004-2026	3,785,700
2009-2011	3,785,700
2004-2017	<u>2,523,840</u>
Total	35,255,467
Less: interest	<u>14,838,868</u>
Outstanding principal	<u>20,416,599</u>

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

(14) **Deferred Revenue**

During 1996, 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 \$1,000,540 was prepaid. In 1998, the Port partially canceled the lease in order to acquire acreage back for additional construction. The Port paid \$95,400 to Quaker State, leaving a balance of \$514,812 prepaid as of December 31, 1998. Rental income of \$30,816 and \$51,527 was recognized in 1998 and 1997 for this lease. During the year, the Port entered a lease agreement with Galley Logistics, Inc. for a term of forty years. Total rent of \$200,000 was prepaid. Rental income of \$9,999 was recognized in 1998.

(15) **Litigation**

As of December 31, 1998, the Port was involved in five lawsuits. First, the Port has filed suit for return of equipment 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-Shreveport 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 agents for the Port. This litigation is in preliminary stages, and the outcome is difficult to predict. The third suit seeks recovery for materials supplied to a contractor and incorporated into construction done at the Port. It is expected the bonding company will satisfy this claim. The fourth lawsuit is for injunctive relief and unspecified damages arising out of interference with Port operations caused by harmful and unlawful chemical emissions. This case is in early stages. The fifth lawsuit is in connection with the purchase of a fleet vessel by the Port which did not meet contractual specifications agreed upon by the parties. In an effort to minimize damages, the boat was sold for less than the purchase price, and the Port is now seeking the remaining purchase price, plus expenses, costs, and attorney fees. Trial will be scheduled when depositions are complete.

(16) **Rental Income Under Operating Leases**

The Port is a lessee of certain property which consists principally of storage 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, 1998:

110) Rental Income Under Operating Leases (Continued)

Year Ending December 31:

1999	98,798
2000	98,798
2001	98,798
Thereafter	<u>1,382,430</u>
	<u>1,578,824</u>

110) Year 2000 Compliance (UNPAID)

The Commission has addressed Year 2000 issues relating to its computer systems and other electronic equipment that are considered mission-critical. Generally, these include the accounting system and equipment used in performing work at the Port site, mainly scales and cranes. These systems, subjected to the four stages, as defined by GAO Technical Bulletin 98-3, necessary to help implement a Year 2000-compliant system, are awareness, assessment, remediation, and validation/testing. Both the accounting system and equipment are in the validation/testing phase of work. However, there can be no assurance that, even with completion of all four stages of work, the systems will be fully Year 2000-compliant under all circumstances.

111) Water and Sewerage Revenue

The Port receives revenue from the City of Sheepsport which collects from water and sewerage customers for the use of the waterworks system which was constructed by proceeds received by the Port from the issuance of water revenue bonds. As of December 31, 1998, there were six commercial users of the waterworks system. Total revenue received in 1998 was \$268,412. Following is a schedule of water rates charged by the City of Sheepsport:

Customer fee on sewerage charges		4.99
Sewerage charge per 1,000 gallons:	Residential	4.52
	Commercial	3.74
	Industrial	3.74
Water charges per 1,000 gallons:	Residential	3.42
	Commercial	3.08
	Industrial	3.76

Note: Two restaurants are charged double since the system is located outside the city limits.

CONCLUSIONS

March 1, 1998

The Board of Commissioners
Caddo-Bozier Post-Commission
Shreveport, Louisiana

**Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

We have audited the financial statements of Caddo-Bozier Post-Commission as of and for the year ended December 31, 1998, and have issued our report thereon dated March 1, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered internal control over financial reporting of Caddo-Bozier Post-Commission 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 over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all weaknesses 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 misstatement 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Heard, McElroy & Vestal, LLP

CALIFORNIA STATE PORT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 1998

We have audited the financial statements of Public-Utility Port Commission as of and for the year ended December 31, 1998, and have issued our report thereon dated March 3, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 1998 resulted in an unqualified opinion.

Section I - Summary of Auditor's Report

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control - No material weakness or reportable condition was noted, no management letter was issued.

Compliance - no material noncompliance was noted.

b. Federal Awards - No major program.

Section II - Financial Statement Findings

No matters were reported.

CALICO-HOUSER PORT COMMISSION
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 1998

No prior year findings were reported.

OTHER INFORMATION

CADDOGROSSIER PORT COMMISSION
P. O. Box 52071
Shreveport, Louisiana 71138-2071
(504) 863-4981

BOARD OF COMMISSIONERS

Damon McRae	President
A. K. Itanda	Vice-President
Michael H. Walmsright	Secretary-Treasurer
Jerry C. Harris	Commissioner
Robert G. Harlin	Commissioner
Edward G. Powell	Commissioner
Melvin H. Sarge	Commissioner
Larry J. Walker	Commissioner
Steve Walker	Commissioner

CALIFORNIA PORT COMMISSION

SCHEDULE OF INSURANCE

DECEMBER 31, 1998

	Coverage	Expiration
Commercial General Liability Coverage:		
General aggregate	2,000,000	1-1-2000
Products and completed ops aggregate	2,000,000	1-1-2000
Personal and advertising injury	1,000,000	1-1-2000
Each occurrence	1,000,000	1-1-2000
Fire damage	50,000	1-1-2000
Medical expense	5,000	1-1-2000
Commercial Property Coverage:		
Building, inventory	17,500,000	1-1-2000
Equipment, boats	1,250,000	1-1-2000
Commercial Vehicle Liabilities:		
Liability coverage	10,000,000	1-1-2000
Annual aggregate	10,000,000	1-1-2000
Self-insured retention	25,000	1-1-2000
Claims:		
Employee dishonesty	1,000,000	1-1-2000
Fidelity	1,000,000	1-1-2000
Public officials liability	2,000,000	1-1-2000
Commercial Auto:		
Liability	1,000,000	1-1-2000
Workers Compensation:		
Each accident	1,000,000	1-1-2000
Disability-policy limit	1,000,000	1-1-2000
Disease-each employee	1,000,000	1-1-2000