

9251

RECEIVED
93 JUN 12 AM 10:29

**NATCHITOCHE PARISH PORT COMMISSION
ANNUAL FINANCIAL REPORT**

DECEMBER 31, 1997

**OFFICIAL
FILE COPY**
DO NOT SEND OUT
(Xerox necessary
copies from this
copy and PLACE
BACK in)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JUN 17 1998

Natchitoches Parish Port Commission

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Independent Auditors' Report	---	1
General Purpose Financial Statements <u>(Combined Statements-Overview)</u>		
Combined Balance Sheet-Fund Type and Account Group	A	3
Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget (GAAP Basis) and Actual-General Fund Type	B	4-5
Notes to Financial Statements	---	7-13
<u>Compliance and Internal Control.</u>		
Report on the Compliance and on Internal Control Over Financial Reporting Based on an Audit of the General Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		15-16
Schedule of Findings and Questioned Costs		17

Johnson, Thomas & Cunningham

Certified Public Accountants

Formerly Johnson CPAs, a Professional Corporation (1962-1996)

Mark D. Thomas, CPA, a Professional Corporation

Roger M. Cunningham, CPA, a Professional Corporation

*321 Bienville Street
Natchitoches, Louisiana 71457*

(318) 352-3652

Fax (318) 352-4447

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
of the Natchitoches Parish Port Commission

We have audited the general purpose financial statements of the Natchitoches Parish Port Commission, Natchitoches, Louisiana, a component unit of the State of Louisiana, as of and for the year ended December 31, 1997, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the U.S. General Accounting Office, and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Natchitoches Parish Port Commission, Natchitoches, Louisiana, as of December 31, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

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

May 29, 1998
Natchitoches, Louisiana

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS-OVERVIEW)

Natchitoches Parish Port Commission
Combined Balance Sheet - Fund Type and Account Group
December 31, 1997

	Governmental	Account		Totals
	Fund Type	Groups		Memorandum Only
	General	General Long-	General	December 31, 1997
	Fund	Term Debt	Assets	
<u>Assets</u>				
Cash	\$73,085	\$ 0	\$ 0	\$ 73,085
Accounts Receivable	8,666	0	0	8,666
Amount to be Provided for Payment of Long-Term Debt	0	2,454,933	0	2,454,933
Land	0	0	272,399	272,399
Equipment	0	0	31,814	31,814
Site Improvements	0	0	1,391,864	1,391,864
Total Assets	<u>\$81,751</u>	<u>\$2,454,933</u>	<u>\$1,696,077</u>	<u>\$4,232,761</u>
<u>Liabilities</u>				
Accounts Payable	\$ 1,642	\$ 0	\$ 0	\$ 1,642
Notes Payable - Long-Term Debt	0	2,454,933	0	2,454,933
Total Liabilities	<u>\$ 1,642</u>	<u>\$2,454,933</u>	<u>\$ 0</u>	<u>\$2,456,575</u>
<u>Fund Equity</u>				
Investment in General Fixed Assets	\$ 0	\$ 0	\$1,696,077	\$1,696,077
Fund Balance- Unreserved-Undesignated	<u>80,109</u>	<u>0</u>	<u>0</u>	<u>80,109</u>
Total Liabilities and Fund Balance	<u>\$81,751</u>	<u>\$2,454,933</u>	<u>\$1,696,077</u>	<u>\$4,232,761</u>

See notes to financial statements.

Natchitoches Parish Port Commission

Governmental Fund Type-General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual-
General Fund Type
Year Ended December 31, 1997

	1997		
	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
REVENUES:			
Intergovernmental-			
Department of Transportation	\$ 40,000	\$ 67,359	\$27,359
Natchitoches Parish Police Jury	20,000	20,000	0
Red River Waterway	262,550	235,147	(27,403)
City of Natchitoches	20,000	20,000	0
Miscellaneous-			
Cleco	5,000	5,000	0
Rental Income	5,050	5,000	(50)
Charges for Services	8,000	8,421	421
Awards	22,250	22,249	(1)
Interest	<u>7,000</u>	<u>7,840</u>	<u>840</u>
Total Revenues	<u>\$ 389,850</u>	<u>\$ 391,016</u>	<u>\$ 1,166</u>
EXPENDITURES:			
Current-			
General Government-			
Salaries	\$ 57,000	\$ 56,900	\$ 100
Legal & Accounting	80,350	79,351	999
Employee Benefits	9,200	9,151	49
Travel & Entertainment	6,000	6,639	(639)
Advertising/Promotion	15,900	12,818	3,082
Office	9,600	8,955	645
Insurance	3,850	4,377	(527)
Miscellaneous	150	89	61
Taxes & Licenses	500	477	23
Public Works-			
Engineering	347,600	344,826	2,774
Consulting & Appraisals	8,700	5,000	3,700
Maintenance & Repairs	4,700	2,333	2,367
Capital Outlay-			
Equipment Purchases	22,800	22,053	747
Site Improvements	583,300	555,099	28,201
Dues/Memberships	1,500	1,290	210
Utilities	<u>1,000</u>	<u>931</u>	<u>69</u>
Total Expenditures	<u>\$1,152,150</u>	<u>\$1,110,289</u>	<u>\$41,861</u>

Continued next page

See notes to financial statements.

Natchitoches Parish Port Commission

Governmental Fund Type-General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual-
General Fund Type
Year Ended December 31, 1997
(Continued)

	1997		Variance Favorable (Unfavorable)
	Budget	Actual	
Excess (Deficiency) of Revenues over Expenditures	\$(762,300)	\$(719,273)	\$43,027
OTHER FINANCING SOURCES: Debt Proceeds	<u>730,000</u>	<u>728,257</u>	<u>(1,743)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	\$ (32,300)	\$ 8,984	\$41,284
Fund Balance-Beginning of Year	<u>71,125</u>	<u>71,125</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 38,825</u>	<u>\$ 80,109</u>	<u>\$41,284</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Natchitoches Parish Port Commission
Notes to Financial Statements
December 31, 1997

INTRODUCTION

The Natchitoches Parish Port Commission was created by Acts R. S. 34:3151 through 34:3157 of the Louisiana Legislature. The Commission serves all of Natchitoches Parish. The Commission shall regulate the commerce, and traffic, within the Port area in such a manner as may, in its judgment, be for the best interest of the State. One member of the Board is appointed by the Governor, two members by the Natchitoches Parish Police Jury, and two members by the City of Natchitoches, Louisiana. The members receive no pay for their services. The Commission has only one employee.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. BASIS OF PRESENTATION

The accounting and reporting policies of the Commission conform to generally accepted accounting principles as applicable to governmental units, on a basis consistent between periods. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*.

B. REPORTING ENTITY

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the State of Louisiana for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability.

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the State of Louisiana to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the State of Louisiana.
2. Organizations for which the State of Louisiana does not appoint a voting majority but are fiscally dependent on the State of Louisiana.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Natchitoches Parish Port Commission
Notes to Financial Statements
December 31, 1997

Because the State of Louisiana created by ordinance, the Natchitoches Parish Port Commission, the Commission was determined to be a component unit of the State of Louisiana, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Commission and do not present information on the State of Louisiana, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING-

The Commission uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable financial resources.

The fund classifications and a description of each existing fund type follow:

Governmental Funds-

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

Long-Term Liabilities-

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

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

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

Natchitoches Parish Port Commission
Notes to Financial Statements
December 31, 1997

D. 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 are generally included on the balance sheet. Operating statements of these funds present increases and decreases in the current assets. The modified accrual basis of accounting is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues-

Revenues are recognized when they become measurable and available as net current assets.

Expenditures-

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sales of fixed assets, debt extinguishments, long-term debt proceeds, etc.) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

E. BUDGET-

An annual operating budget is adopted for the General Fund. The Commission follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of each year, the Secretary-Treasurer prepares a proposed budget and submits same to the Board of Commissioners.
2. The Board of Commissioners approves the budget, or amends it as necessary.
3. The approved budget is held open for public inspection.
4. Budget appropriations lapse at the end of each year.

Natchitoches Parish Port Commission
Notes to Financial Statements
December 31, 1997

F. ENCUMBRANCES-

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

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

G. TOTAL COLUMNS ON COMBINED STATEMENTS-OVERVIEW-

Total columns on the combined statements - overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

H. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the Commission may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

I. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are reported in the general fixed assets account group. Public domain or infrastructures are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost .

2. Changes in General Long-Term Debt:

The following is a summary of the long-term debt transactions for the year ended December 31, 1997:

Long-Term Debt Payable at January 1	\$1,726,676
Long-Term Debt incurred during the year	<u>728,257</u>
Long-Term Debt Payable at December 31	<u>\$2,454,933</u>

Natchitoches Parish Port Commission
Notes to Financial Statements
December 31, 1997

All long-term debt is owed to the Red River Waterway Commission for expenses paid by them. It is to be repaid with interest of 6% per annum from the date of the expenditure by the Red River Waterway Commission, and shall be conditioned upon subsequent agreement between the Red River Waterway Commission and the Port Commission. An agreeable repayment schedule shall be developed by the parties in view of income and funding sources available to the Port Commission, including, without limitations, proceeds from sale and/or lease of industrial and/or commercial lots at the site, dedicated tax revenues, net income from Port operations, loans from other sources, and gifts and grants. The total funds to be loaned to the Commission for expenses is not to exceed \$3,500,000. No payment schedule has been agreed upon at December 31, 1997, and no payments are currently required.

3. General Fixed Assets:

A summary of changes in General fixed assets follows:

	<u>Balance 01-01-97</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12-31-97</u>
Land	\$ 272,399	\$ 0	\$0	\$ 272,399
Equipment & Improvements	<u>846,526</u>	<u>577,152</u>	<u>0</u>	<u>1,423,678</u>
Totals	<u>\$1,118,925</u>	<u>\$577,152</u>	<u>\$0</u>	<u>\$1,696,077</u>

4. CASH AND CASH EQUIVALENTS

At December 31, 1997, the Natchitoches Parish Port Commission has cash and cash equivalents (book balances) totaling \$73,085 as follows:

Demand Deposits	\$ 0
Interest-bearing Demand Deposits	73,085
Time Deposits	0
Other	<u>0</u>
Total	<u>\$73,085</u>

Natchitoches Parish Port Commission
Notes to Financial Statements
December 31, 1997

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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1997, the Natchitoches Parish Port Commission has \$115,955 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$15,955 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 1).

5. PENSION PLAN

Plan Description. All employees of the Natchitoches Parish Port Commission are member of the Parochial Employees' Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Commission are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one percent of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980, plus 3 percent of final-average salary for each year of service credited after the revision date. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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 Parochial Employees' Retirement System, P. O. Box 14619, Baton Rouge, LA 70898-4619, or by calling (504) 928-1361.

Natchitoches Parish Port Commission
Notes to Financial Statements
December 31, 1997

Funding Policy. Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the Natchitoches Parish Port Commission is required to contribute at an actuarially determined rate. The current rate is 7.25 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Natchitoches Parish Port Commission are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, 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 Natchitoches Parish Commission's contributions to the System under Plan A for the years ending December 31, 1997, 1996 and 1995, were \$6,401, \$5,846, and \$3,613, respectively, equal to the required contributions for each year.

6. Pending Litigation:

At December 31, 1997, the Natchitoches Parish Port Commission was a party in two civil suits seeking damages against the Port Commission, they are as follows:

O. S. Johnson vs. Natchitoches Parish Port Commission
DeBlieux & Kelly vs. Natchitoches Parish Port Commission

As of the date of this report, only the DeBlieux & Kelly case had yet to be scheduled for trial which is June 1, 1998. At the present time, a determination of the outcome of both suits cannot be made.

INTERNAL CONTROL AND COMPLIANCE

Office of Johnson CPA's Professional Corporation (1988-1996)

Mark L. Thomas, CPA's Professional Corporation

Robert M. Cunningham, CPA's Professional Corporation

*321 Bienville Street
Natchitoches, Louisiana 71457*

(318) 352-3652

Fax (318) 352-4447

REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF THE GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
of the Natchitoches Parish Port Commission

We have audited the general purpose financial statements of the Natchitoches Parish Port Commission, a component unit of the State of Louisiana, as of and for the year ended December 31, 1997. 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

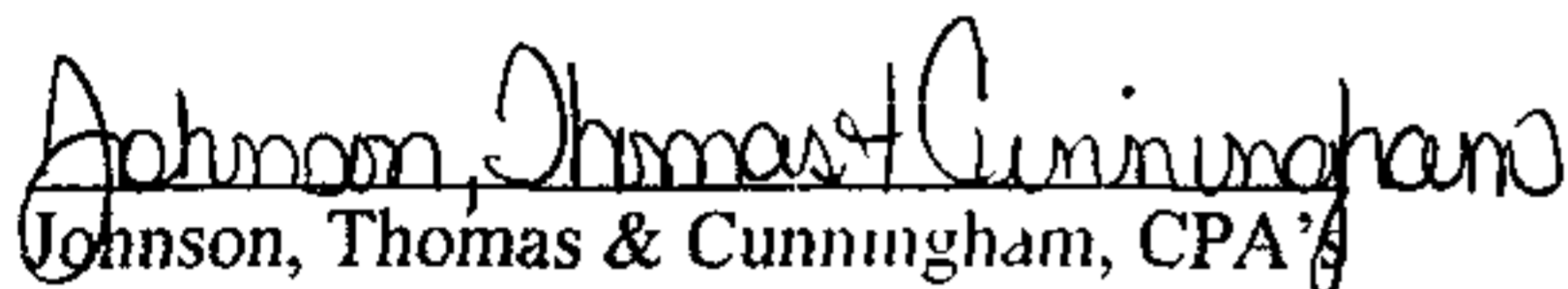
As part of obtaining reasonable assurance about whether the Natchitoches Parish Port Commission's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could 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 the Natchitoches Parish Port Commission's internal control over financial reporting 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. However, we noted certain matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Natchitoches Parish Port Commission's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item A-1.

A material weakness is a condition of 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider A-1 to be a material weakness.

This report is intended for the information of the management of the Natchitoches Parish Port Commission, the Legislative Auditor, and interested state and federal agencies. However, this report is a matter of public record and its distribution is not limited.


Johnson, Thomas & Cunningham, CPA's

May 29, 1998
Natchitoches, Louisiana

Natchitoches Parish Port Commission
Schedule of Finding and Questioned Costs
December 31, 1997

A-1 SEGREGATION OF DUTIES

Due to the size of the Natchitoches Parish Port Commission's administrative and accounting staff, there is an insufficient segregation of duties to have an effective internal control.

Since the cost of an internal control system should not outweigh the benefits derived from it, we can only recommend that the Commission's office consider and analyze the cost verses the benefits associated with hiring additional administrative/accounting personnel.

Management of the Commission's office concurs with the finding. Due to the budget and staff limitations, no action will be taken at this time.