SOUTH TANGIPAHOA PARISH
PORT COMMISSION
STATE OF LOUISIANA
PONCHATOULA, LOUISIANA

COMPONENT UNIT
FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 1998

SOUTH TANGIPAHOA PARISH PORT COMMISSION
STATE OF LOUISIANA
PONCHATOULA, LOUISIANA
COMPONENT UNIT FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

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Zahn and Kenney
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
South Tangipahoa Parish Port Commission
Ponchatoula, Louisiana

We have audited the component unit financial statements of South Tangipahoa Parish Port Commission (Commission), Ponchatoula, Louisiana, a component unit of the State of Louisiana, as of December 31, 1998, and for the year then ended, 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 and the standards applicable to financial audits contained in 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 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 component unit financial statements referred to above present fairly, in all material respects, the financial position of the Commission, as of December 31, 1998, and the results of its operations 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 March 23, 1999 on our consideration of Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was conducted for the purpose of forming an opinion on the component unit financial statements taken as a whole. The information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the

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component unit financial statements of the Commission. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the component unit financial statements taken as a whole.

Zahn and Kenney

Zahn and Kenney
Metairie, Louisiana

March 23, 1999

SOUTH TANGIPAHOA PARISH PORT COMMISSION
STATE OF LOUISIANA
PONCHATOULA, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES
AND ACCOUNT GROUPS
DECEMBER 31, 1998

ASSETS

	Governmental Funds		Account Group	
	General Fund	Capital Projects Fund	General Fixed Assets	Totals (Memo Only)
Cash and cash equivalents	$ 104,169	$ 2,664	$ -	$ 106,833
Certificates of deposit	676,979	-	-	676,979
Receivables:				
Ad valorem taxes - delinquent	94,717	-	-	94,717
State revenue sharing	30,134	-	-	30,134
Accounts	7,576	-	-	7,576
Due from tax collector	169,815	-	-	169,815
Due from general fund	-	58,707	-	58,707
Property and equipment	-	-	4,884,414	4,884,414
Total assets	$ 1,083,390	$ 61,371	$ 4,884,414	$ 6,029,175

LIABILITIES AND FUND EQUITY

	General Fund	Capital Projects Fund	General Fixed Assets	Totals (Memo Only)
Liabilities:				
Accounts payable	$ 4,216	$ -	$ -	$ 4,216
Due to capital project funds	58,707	-	-	58,707
Total liabilities	62,923	-	-	62,923
Fund equity:				
Investment in general fixed assets	-	-	4,884,414	4,884,414
Fund balance - unreserved, undesignated	1,020,467	61,371	-	1,081,838
Total fund equity	1,020,467	61,371	4,884,414	5,966,252
Total liabilities and fund equity	$ 1,083,390	$ 61,371	$ 4,884,414	$ 6,029,175

The accompanying notes are an integral part of this statement

SOUTH TANGIPAHOA PARISH PORT COMMISSION
STATE OF LOUISIANA
PONCHATOULA, LOUISIANA
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	Governmental Funds		
	General Fund	Capital Projects Fund	Totals (Memo Only)
REVENUES			
Ad valorem taxes	$ 303,670	$ -	$ 303,670
Intergovernmental:			
State revenue sharing	49,799	-	49,799
State grant	-	632,710	632,710
Rental income	50,197	-	50,197
Interest earned	32,590	-	32,590
Other income	91,528	-	91,528
Total revenues	527,784	632,710	1,160,494
EXPENDITURES			
General government	202,199	-	202,199
Capital outlay	20,247	725,530	745,777
Total expenditures	222,446	725,530	947,976
Excess (deficit) of revenues over expenditures	305,338	(92,820)	212,518
Other financing sources (uses):			
Operating transfers in (out)	(152,707)	152,707	-
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	152,631	59,887	212,518
Fund balance, beginning of year	867,836	1,484	869,320
Fund balance, end of year	$ 1,020,467	$ 61,371	$ 1,081,838

The accompanying notes are an integral part of this statement

SOUTH TANGIPAHOA PARISH PORT COMMISSION
STATE OF LOUISIANA
PONCHATOULA, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1998

	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Ad valorem tax	$ 285,200	$ 303,670	$ 18,470
Revenue sharing	56,387	49,799	(6,588)
Self-generated	164,858	174,315	9,457
Total revenues	506,445	527,784	21,339
EXPENDITURES			
Salaries and related benefits	103,000	91,718	11,282
Compensation paid to board members	10,000	7,425	2,575
Statutory charge - collection fee	-	11,686	(11,686)
Legal and accounting	13,000	3,077	9,923
Insurance	15,000	12,630	2,370
Office supplies	7,000	2,743	4,257
Repairs and maintenance	60,000	22,812	37,188
Telephone and utilities	10,000	8,118	1,882
Rent and other leases	10,000	7,900	2,100
Advertising, marketing and promotion	20,000	22,720	(2,720)
Machinery	50,000	-	50,000
Engineering	42,000	7,328	34,672
Capital	50,000	20,247	29,753
Other	20,000	4,042	15,958
Total expenditures	410,000	222,446	187,554
Excess of revenues over expenditures	96,445	305,338	208,893
Other financing use - transfer to other fund	-	(152,707)	(152,707)
Excess of revenues over expenditures and other financing uses	96,445	152,631	56,186
Fund balance, beginning of year	867,836	867,836	-
Fund balance, end of year	$ 964,281	$ 1,020,467	$ 56,186

The accompanying notes are an integral part of this statement

SOUTH TANGIPAHOA PARISH PORT COMMISSION
STATE OF LOUISIANA
PONCHATOULA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1998

INTRODUCTION

The South Tangipahoa Parish Port Commission (Commission) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Stature 34:1951. The Commission is composed of seven members from the Parish of Tangipahoa who are appointed directly by the Governor. Each board member receives compensation per meeting attended payable exclusively from self-generated funds. The Commission consists of the boundaries and limits of Wards 6, 7, and 8 of Tangipahoa Parish. The Commission has authority to own, construct, operate and maintain property, structures and facilities necessary or useful for port, recreational, harbor and terminal purposes. The Commission also has the authority to make and enter into contracts, leases and other agreements with operating entities interested in the transportation, storage and shipping of products. Also, the Commission may levy annually an ad valorem tax not to exceed two and one-half mills on the dollar on the property subject to taxation located within its boundaries. The Commission presently has two paid employees, an Executive Director and Secretary.

The Commission presently maintains an office located in Ponchatoula, Louisiana, and a shallow water port facility located in Manchac, Louisiana. The port facility includes a dock with a 20,000 square foot warehouse, railroad siding adjacent to the Illinois Central Railroad track and a second dock with a 30,000 square foot transit facility. The port facility is presently operated under a Marine Terminal Operators Agreement with a contract operator.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
The accompanying component unit financial statements of Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity
As the governing authority, for reporting purposes, the State of Louisiana (State) is the financial reporting entity for the State. The financial reporting entity consists of (a) the primary government, (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 Statement No. 14 established criteria for determining which component units should be considered part of the State for financial reporting purposes. The basic criterion 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. This criteria includes:

1) Appointing a voting majority of an organization's governing body, and
   a) The ability of the State 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.
2) Organizations for which the State does not appoint a voting majority but which are fiscally dependent on the State.
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.

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

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. An account group, on the other hand, 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 available financial resources.

Funds of the Commission are classified as governmental funds. Governmental funds account for the Commission's general activities, including the collection and disbursement of specific or legally restricted monies, and the acquisition or construction of general fixed assets. Governmental funds of the Commission include:

1) General Fund - the general operating fund of the Commission. Accounts for all financial resources, except those required to be accounted for in other funds.

2) Capital Projects Fund - accounts for financial resources received and used for the acquisition, construction or improvement of capital facilities not reported in the other governmental funds.

Property, Plant and Equipment
The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus and only current assets and current liabilities are generally included in their balance sheet.

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. Public domain ("infrastructure") general fixed assets are not capitalized. No depreciation has been provided on general fixed assets.

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair market value on the date donated.

The 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.

Basis of Accounting
The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The 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 net current assets. The modified accrual basis of accounting is used by the governmental funds. The records of the Commission are maintained on a cash basis of accounting. However, the governmental funds reported in the accompanying financial statements have been converted to a modified accrual basis of accounting utilizing the following practices:

Revenues are generally recognized when they become measurable and available as net current assets. Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15, of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Federal and state grants are recorded when the reimbursable expenditures have been incurred. Revenues from rentals are recorded when earned. Substantially all other revenues are recorded when received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on long-term debt, which are not recognized until due.

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses).

Budgets

The Commission uses the following budget practices:

1) The Commission prepares its budget on the modified accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The Commission adopted a budget for the General Fund for 1998.

2) The Commission's treasurer prepares the proposed budget and submits the same to the president and board of commissioners no later than fifteen days prior to the beginning of each fiscal year. The proposed budget for 1998 was presented to the president and board on November 20, 1997.

3) A summary of the proposed budget is published in the official journal and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. The proposed budget for 1998 was published in the official journal.

4) A public hearing is held on the proposed budget after publication of the call for the hearing. The public hearing on the proposed budget for 1998 was held on December 4, 1997.

5) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted. The budget for 1998 was adopted on December 4, 1997.

6) Budgetary amendments require the approval of the president and the board of commissioners. The budget for 1998 was amended on November 19, 1998.

7) All budgetary appropriations lapse at year-end.

8) Formal budgetary integration is not employed; however, periodic budget comparisons are made as a part of interim reporting. Budgeted amounts included in the accompanying financial statements include the amended budget amounts.

The Commission is not subject to the provisions of the Budget Act.

Encumbrances

The Commission does not utilize encumbrance accounting.

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Cash also includes amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Commission may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Commission may invest in United States bonds, treasury notes, or certificates. These are reported separate from cash if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Inventories

The Commission uses the purchase method for accounting for expendable supplies whereby expenditures are recognized when the items are purchased. The Commission did not record any inventory at December 31, 1998.

Prepaid Items
The Commission did not record any prepaid items at December 31, 1998.

Compensated Absences
The Commission has the following policy relating to vacation and sick leave:
The Commission's secretary is an unclassified state employee and its policy regarding annual leave and sick leave is mandated by Executive Order BR-88-23. In brief, annual leave is earned at various rates depending upon length of service, is cumulative and a maximum of 300 hours is paid upon separation from service. Sick leave is earned at various rates depending on length of service, is cumulative but no accrued unused sick leave is paid upon separation of service.

The Executive Director is also an unclassified state employee, but is exempt from the requirements of Executive Order BR-88-23. The Executive Director receives annual leave and sick leave each of which is noncumulative and non vesting. As of December 31, 1998, no accrual for employee leave benefits was made in accordance with GASB Codification Section C60 as the amount is not material.

Total Columns on Statements
The total columns on the 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 or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2--LEVIED TAXES

Ad valorem taxes, which are general fund revenue, were authorized and levied at the rate of 2.25 mills during 1998. Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Commission during the year and actually billed to taxpayers and become due in November. Billed taxes become delinquent on December 31 of each year.

Revenues from ad valorem taxes are budgeted in the year billed and recognized as revenue when billed. The Tangipahoa Parish Sheriff's Office bills and collects the property taxes using the assessed value determined by the Tax Assessor of Tangipahoa Parish. The taxes are generally collected in December of the current year and January and February of the ensuing year. The Commission is permitted by state law to levy an ad valorem tax not to exceed two and one-half mills on the property subject to taxation within Wards 6, 7 and 8 of Tangipahoa Parish. For 1998, the Commission levied 2.25 mills for a total tax levy of $311,833 on taxable property valuation totaling $138,600,000.

NOTE 3--DUE FROM TAX COLLECTOR

The amount due from tax collector represents ad valorem tax collected on behalf of the Commission in December 1998 and held by the tax collector at December 31. These funds were received by the Commission in January 1999.

NOTE 4--CASH AND CERTIFICATES OF DEPOSIT

At December 31, 1998, the Commission had cash and certificates of deposit as follows:

	Cash	Certificates of Deposit	Other (Describe)	Total
Carrying amount on Balance Sheet	$106,833	$ 676,979		$783,812
Bank Balances:				
a. Insured (FDIC) or collateralized with securities held by the entity or its agent in the entity's name	$106,833	50,756		$157,589
b. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name				
c. Uncollateralized, including any securities held for the entity but not in the entity's name		626,223		626,223
Total Bank Balances	$106,833	676,979		$783,812

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 5--COMPENSATION PAID BOARD MEMBERS

Louisiana Revised Statute 34:1951 (A) provides that each board member shall be compensated in the amount of seventy-five dollars per meeting, which shall be payable exclusively from self-generated funds. The commission shall hold a regular meeting once each calendar month with a maximum of six additional special meetings annually. Compensation paid to individual board members is presented with the accompanying supplementary schedule.

NOTE 6--CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets for the year ended December 31, 1998 follows:

	Balance 1/01/98	Additions	Deletions	Balance 12/31/98
Land and Improvements	$ 476,874	$ -0-	$ -0-	$ 476,874
Furniture and Fixtures	14,740	-0-	-0-	14,740
Port Facility	3,501,945	736,335	-0-	4,238,280
Port Improvements and Equipment	135,894			135,894
Automobile	18,626	-0-	-0-	18,626
Total	$4,148,079	$ 736,335	$ -0-	$4,884,414

NOTE 7--LEASES

The Commission records operating leases as current expenditures in the accompanying financial statements. The following is an analysis of significant operating leases at December 31, 1998:

On May 14, 1991, the Commission entered into a forty-month lease for office space located at 163 W. Hickory Street, Ponchatoula, Louisiana. The lease provides for rental of $650 per month commencing January 1, 1995 through December 31, 1998. The lease requires lessee to carry public liability insurance in the amount of not less than $500,000 naming lessor as an additional insured at not cost to lessor.

NOTE 8--EMPLOYEE PENSION PLAN

Both employees of the Commission participate in the State of Louisiana's Retirement Plan, LASER. In addition to the employee contribution withheld at 7.5% of gross salary, the Commission contributes an additional 12.4% of gross salary. Contributions to the system are funded through employee and employer contributions of $5,582 and $9,416 respectively. The total current year payroll of the agency was $74,432 all of which was covered by the retirement system. Under present statutes, the Commission does not guarantee any of the benefits granted by the retirement system.

NOTE 9--OTHER POST EMPLOYMENT BENEFITS

The Commission has no other post employment benefits.

NOTE 10--FUND DEFICITS

There are no deficits in any individual funds at December 31, 1998.

SOUTH TANGIPAHOA PARISH PORT COMMISSION
STATE OF LOUISIANA
PONCHATOULA, LOUISIANA
COMPENSATION PAID TO BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 1998

Board Member	Meetings Held	Meetings Attended	Amount
Phillip Alexander	15	15	$ 1,125
Merwyn Barringer	15	15	1,125
Maxine Dixon	15	14	1,050
Lloyd Jones	15	15	1,125
Charles McKaskle	15	14	1,050
Victor Raxdale	15	10	750
Charles Sheffield	15	13	975
Walter Vinyard	15	3	225
			$ 7,425

SOUTH TANGIPAHOA PARISH PORT COMMISSION
STATE OF LOUISIANA
PONCHATOULA, LOUISIANA
RENTAL INCOME SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 1998

Per agreement with port operator (5 year term began December 1, 1996):		
Office rental at $200 per month	$	2,400
Reimbursement of sewage fee at $150 per month		1,800
Reimbursement for utility expense (varies)		1,567
Gaylord Container Corporation at $3,000 per month (seven months ended April 30, 1999)		12,000
Sprint Spectrum L.P. (60 month land lease originated September 1, 1996. Rental rate of $1,500 per month with 4% increase to the end of each twelve month period)		18,970
Nextel Communications, Inc. (60 month tower space lease originated December 20, 1997. Rental rate of $750 per month with 4% increase at the end of each twelve month period)		9,710
Primco, Inc. (60 month tower space lease originated August 21, 1998. Rental rate of $750 per month with 4% increase at the end of each twelve month period)		3,250
CET Environmental (short term space rental)		500
Total rental income	$	50,197

Zahn and Kenney
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF COMPONENT UNIT FINANCIALSTATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
South Tangipahoa Parish Port Commission
Ponchatoula, Louisiana

We have audited the component unit financial statements of South Tangipahoa Parish Port Commission (Commission), Ponchatoula, Louisiana, a component unit of the State of Louisiana, as of and for the year ended December 31, 1998, and have issued our report thereon dated March 23, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable for 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 Commission's component unit 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 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 Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit 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 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

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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. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

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

Zahn and Kenney

Zahn and Kenney
Metairie, Louisiana

March 23, 1999