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VINTON HARBOR AND TERMINAL DISTRICT
Vinton, Louisiana

ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS

Year Ended December 31, 1998

Under provisions of state law, this report is a public document. A copy of the report is to be submitted to the auditor, or renewed, and a copy is to be made public in the office of the auditor for public inspection at the Station Building of the Legislative Auditor, or at the office of the parish clerk of court.

Release Date MAR 7 7 1999

GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

February 22, 1999

Board of Commissioners
Vinton Harbor and Terminal District
Vinton, Louisiana

We have audited the accompanying general purpose financial statements of the Vinton Harbor and Terminal District as of and for the year ended December 31, 1998. These general purpose financial statements are the responsibility of the Vinton Harbor and Terminal District 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 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Vinton Harbor and Terminal District 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 our report dated February 22, 1999 on our consideration of Vinton Harbor and Terminal District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Gragsom Casiday & Guillory

VINTON HARBOR AND TERMINAL DISTRICT

Combined Balance Sheet - All Fund Types and Account Group

December 31, 1998

	Governmental Fund Type <u>General Fund</u>	Account Group General Fixed Assets	Totals (Memorandum Only)	
			<u>1998</u>	<u>1997</u>
ASSETS				
Cash	\$ 45,677	\$ -	\$ 45,677	\$ 344,121
Receivables				
Taxes (net)	38,076	-	38,076	43,029
State revenue sharing	2,137	-	2,137	3,150
Interest	-	-	-	2,766
Fixed assets	<u>-</u>	<u>898,670</u>	<u>898,670</u>	<u>536,201</u>
 TOTAL ASSETS	 <u>\$ 85,890</u>	 <u>\$ 898,670</u>	 <u>\$ 984,560</u>	 <u>\$ 929,267</u>
 LIABILITIES				
Accounts payable	<u>\$ 8,605</u>	<u>\$ -</u>	<u>\$ 8,605</u>	<u>\$ 748</u>
 FUND EQUITY				
Investment in general fixed assets	-	898,670	898,670	536,201
Fund balance				
Unreserved - undesignated	<u>77,285</u>	<u>-</u>	<u>77,285</u>	<u>392,318</u>
TOTAL FUND EQUITY	<u>77,285</u>	<u>898,670</u>	<u>975,955</u>	<u>928,519</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 85,890</u>	 <u>\$ 898,670</u>	 <u>\$ 984,560</u>	 <u>\$ 929,267</u>

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

VINTON HARBOR AND TERMINAL DISTRICT

Statement of Revenues, Expenditures and Changes
in Fund Balance - Governmental Fund Type

Year Ended December 31, 1998

	<u>1998</u>	<u>1997</u>
REVENUES:		
Ad valorem taxes - net	\$ 40,688	\$ 41,769
State revenue sharing	3,270	3,156
Rental income, net	9,600	12,000
Interest	7,872	15,296
Miscellaneous	<u>75</u>	<u>10,200</u>
TOTAL REVENUES	<u>61,505</u>	<u>82,421</u>
EXPENDITURES		
General Government		
Advertising	11	480
Director and secretary fees	4,500	4,500
Insurance	4,257	4,257
Miscellaneous	147	-
Per diem	1,960	2,100
Professional fees	2,000	2,000
Repairs	-	628
Supplies - office	430	384
Telephone	78	-
Travel	686	364
Capital outlay	<u>362,469</u>	<u>22,422</u>
TOTAL EXPENDITURES	<u>376,538</u>	<u>37,135</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(315,033)	45,286
FUND BALANCE - BEGINNING	<u>392,318</u>	<u>347,032</u>
FUND BALANCE - ENDING	<u>\$ 77,285</u>	<u>\$ 392,318</u>

The accompanying notes are integral part of these financial statements.

VINTON HARBOR AND TERMINAL DISTRICT

Notes to Financial Statements

December 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Vinton Harbor and Terminal District is a political subdivision of the State of Louisiana and was created by Acts of the Louisiana Legislature. It is governed by a Board of five commissioners.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

1. Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Vinton Harbor and Terminal District includes all funds, account groups, et cetera, that are within the oversight responsibility of the Vinton Harbor and Terminal District.

As the governing authority, for reporting purposes, the Vinton Harbor and Terminal District is the financial reporting entity. 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 the 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 Vinton Harbor and Terminal District 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 Vinton Harbor and Terminal District 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 Vinton Harbor and Terminal District.

Continued

VINTON HARBOR AND TERMINAL DISTRICT

Notes to Financial Statements

December 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Organizations for which the Vinton Harbor and Terminal District does not appoint a voting majority but are fiscally dependent on the Vinton Harbor and Terminal District.
3. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon the application of these criteria, there are no component units included in the Vinton Harbor and Terminal District's reporting entity.

2. Fund Accounting

The Vinton Harbor and Terminal District 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 following funds and group of accounts are used by the District:

Governmental Fund:

The Governmental Fund accounts for all of the District's general activities. The Governmental Fund includes:

1. General Fund - The General operating fund of the District. All financial resources are accounted for in the General Fund.

General Fixed Assets Account Group:

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (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.

Continued

VINTON HARBOR AND TERMINAL DISTRICT

Notes to Financial Statements

December 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund is 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 modified accrual basis of accounting is used by the governmental fund type. 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. The government considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for *all other governmental fund revenues*. *Expenditures are recorded when the related fund liability is incurred.*

Those revenues susceptible to accrual are property taxes, interest, rentals and state revenue sharing.

4. Cash

Cash includes amounts in demand deposits and time deposits. Under state law, the District 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.

Continued

VINTON HARBOR AND TERMINAL DISTRICT

Notes to Financial Statements

December 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, 1998, the District has \$45,707 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

5. Budgets

The district did not and is not legally required to adopt a budget for the year ended December 31, 1998.

6. Total Columns

Total columns on the general purpose financial 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 are such data comparable to a consolidation.

7. Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations.

VINTON HARBOR AND TERMINAL DISTRICT

Notes to Financial Statements

December 31, 1998

NOTE E - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE F - LEASES

Substantially all of the District's fixed assets are available for lease. At the current time, the District has one leasee, Southwest Steel of Louisiana, Inc., occupying the District's building. The lease is for a ten year period, inception May 2, 1994, at a monthly rent of \$800 and has a monthly termination option.

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

February 22, 1999

Board of Commissioners
Vinton Harbor and Terminal District
Vinton, Louisiana

We have audited the general purpose financial statements of the Vinton Harbor and Terminal District as of and for the year ended December 31, 1998, and have issued our report thereon dated February 22, 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.

Compliance

As part of obtaining reasonable assurance about whether Vinton Harbor and Terminal District'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 you 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Vinton Harbor and Terminal District, in a separate letter dated February 22, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Vinton Harbor and Terminal District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Vinton Harbor and Terminal District, in a separate letter dated February 22, 1999.

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

A handwritten signature in cursive script that reads "Gragson Casiday & Guillory".

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February 22, 1999

Board of Commissioners
Vinton Harbor and Terminal District
Vinton, Louisiana

In planning and performing our audit of the general purpose financial statements of Vinton Harbor and Terminal District for the year ended December 31, 1998, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect Vinton Harbor and Terminal District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

The reportable conditions noted are as follows:

- A. Finding - We noted one instance where per diem and director fees, totaling \$235, were paid one month in advance. Louisiana Revised Statute 14:138 and attorney general opinion 79-729 prohibit advance payments of compensation.

Management Response - Management was unaware of the requirement and full compliance will be adhered to in the future.

- B. Finding - Per diem is being paid to board members for one meeting per month without regard for attendance. A net total of \$175 was overpaid in per diem for 1998. Louisiana Revised Statute 34:334.12 states that per diem is to be paid at a maximum rate of \$35 per meeting attended, up to 12 meetings per year.

Management Response - Management was unaware of the requirement and full compliance will be adhered to in the future.

- C. Finding - We noted two different occasions where various board members and their spouses met for dinner at a local restaurant. One occasion was attended by the District's attorney. The other occasion was attended by the District's attorney and the Mayor of the Town of Vinton, LA. The total cost for the two instances were

\$556.51. The business purpose was not documented and spouse's costs were not reimbursed.

Management Response - The business purpose of the two dinner meetings was to discuss the status of the District's construction contract and the District's unhappiness with the contractor. In addition, discussions were held on the recent affirmation of the current board and its reappointment process. Management was unaware of the requirement for spouse's cost reimbursement and full compliance will be adhered to in the future.

- D. Finding - Two reimbursements of expenses to officers were noted to be overpaid due to reimbursing for meal charges twice and reimbursing for both mileage and fuel. A total of \$33.31 was reimbursed in excess.

Management Response - This was an oversight and closer attention will be given to reimbursements in the future.

- E. Finding - Official board minutes should contain detailed and precise wording, who made motion and second and vote outcome. We had difficulty in concluding if a matter was only discussed or a motion made and acted upon. For example, we could not find official documented acceptance in the minutes of the following:

- awarding of the contract on the building addition
- approval of change orders on the building addition
- approval of the 1998 property tax mileage

Management Response - Detailed minutes with all required documentation will be prepared in the future.

A material weakness is a reportable 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 errors or fraud in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the reportable conditions described above is believed to be a material weakness. These conditions were considered in determining the nature, timing, and extent of the audit tests applied in our audit of the December 31, 1998 general purpose financial statements, and this report does not affect our report on those general purpose financial statements dated February 22, 1999. We have not considered the internal control since the date of our report.

This report is intended solely for the information and use of the Board of Commissioners, management, and others within the administration.

Gregory C. Anderson, Jr. & Shelly