

STATE OF LOUISIANA
OFFICE OF THE LEGISLATIVE AUDITOR
Baton Rouge, Louisiana 70801

ALEXANDRIA REGIONAL PORT AUTHORITY

ALEXANDRIA, LOUISIANA

APRIL 30, 1999

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 11-3-99

ALEXANDRIA REGIONAL PORT AUTHORITY

APRIL 30, 1999

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Alexandria Regional Port Authority

We have audited the accompanying general purpose financial statements of the Alexandria Regional Port Authority, Alexandria, Louisiana, as of and for the year ended April 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Alexandria Regional Port Authority'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 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 Alexandria Regional Port Authority as of April 30, 1999, 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 October 7, 1999, on our consideration of the Alexandria Regional Port Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The year 2000 supplementary information on page 15 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and the presentation of the supplementary information.

Board of Commissioners
Alexandria Regional Port Authority

However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Alexandria Regional Port Authority is or will become year 2000 compliant, that the Authority's year 2000 remediation efforts will be successful in whole or in part, or that parties with whom the Authority does business are or will become year 2000 compliant.

Payne, Moore & Herrington, LLP
Certified Public Accountants

October 7, 1999

ALEXANDRIA REGIONAL PORT AUTHORITY
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 APRIL 30, 1999

EXHIBIT A

	GOVERNMENTAL FUND TYPES		ACCOUNT GROUPS		
ASSETS AND OTHER DEBITS	GENERAL FUND	CAPITAL PROJECTS FUNDS	GENERAL FIXED ASSETS	LONG-TERM DEBT	TOTAL (MEMORANDUM ONLY)
ASSETS					
Cash	\$173,650	\$166,076	\$	\$	\$ 339,726
Accounts receivable					
Red River Waterway Commission		22,525			22,525
Louisiana Department of Transportation and Development		107,172			107,172
Miscellaneous	11,674				11,674
Fixed assets			11,685,669		11,685,669
Due from Capital Projects Funds	93,982				93,982
Deposits	527				527
OTHER DEBITS					
Amount to be provided for retirement of general long-term debt				17,167	17,167
<u>TOTAL ASSETS AND OTHER DEBITS</u>	<u>\$279,833</u>	<u>\$295,773</u>	<u>\$11,685,669</u>	<u>\$17,167</u>	<u>\$12,278,442</u>
LIABILITIES, EQUITY, AND OTHER CREDITS					
LIABILITIES					
Accounts payable	\$ 2,426	\$			\$ 2,426
Construction accounts payable		201,791			201,791
Payroll taxes withheld and payable	7				7
Due to General Fund		93,982			93,982
General obligations payable				17,167	17,167
Total Liabilities	<u>2,433</u>	<u>295,773</u>	<u>-0-</u>	<u>17,167</u>	<u>315,373</u>
EQUITY AND OTHER CREDITS					
Investment in general fixed assets			11,685,669		11,685,669
Fund balances					
Unreserved					
Designated for Phase II-C construction	6,450				6,450
Undesignated	270,950				270,950
Total Equity and Other Credits	<u>277,400</u>	<u>-0-</u>	<u>11,685,669</u>	<u>-0-</u>	<u>11,963,069</u>
<u>TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS</u>	<u>\$279,833</u>	<u>\$295,773</u>	<u>\$11,685,669</u>	<u>\$17,167</u>	<u>\$12,278,442</u>

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

ALEXANDRIA REGIONAL PORT AUTHORITY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 YEAR ENDED APRIL 30, 1999

EXHIBIT B

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
REVENUES			
Intergovernmental			
Operating and capital grants			
Red River Waterway Commission	\$ 40,000	\$ 413,285	\$ 453,285
City of Alexandria	40,000		40,000
Louisiana Department of Transportation and Development		481,439	481,439
Tenant contribution		200,000	200,000
Charges for services	181,640		181,640
Lease income	73,500		73,500
Interest	8,459		8,459
Total Revenues	<u>343,599</u>	<u>1,094,724</u>	<u>1,438,323</u>
EXPENDITURES			
General government - current			
Salaries	51,500		51,500
Auto allowance	6,500		6,500
Payroll taxes and insurance	10,912		10,912
Retirement	5,150		5,150
Port marketing and development	17,846		17,846
Administration	9,533		9,533
Telephone, cellular charges, and other office expenses	12,036		12,036
Legal	8,601		8,601
Engineering	8,788		8,788
Accounting and audit	8,721		8,721
Insurance	8,234		8,234
Offloading/Uploading	9,668		9,668
Membership and dues	3,075		3,075
Travel	4,655		4,655
Port maintenance and operating	20,506		20,506
Miscellaneous	330		330
Capital outlay			
Bulk commodity handling facility		981,544	981,544
Cargo handling equipment and fencing		256,620	256,620
Total Expenditures	<u>186,055</u>	<u>1,238,164</u>	<u>1,424,219</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	157,544	(143,440)	14,104
OTHER FINANCING SOURCES(USES)			
Operating transfers in		143,440	143,440
Operating transfers out	(143,440)		(143,440)
Total Other Financing Sources(Uses)	(143,440)	143,440	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES(USES) OVER EXPENDITURES	14,104	-0-	14,104
FUND BALANCE, BEGINNING OF YEAR	<u>263,296</u>	<u>-0-</u>	<u>263,296</u>
FUND BALANCE, END OF YEAR	<u>\$ 277,400</u>	<u>\$ -0-</u>	<u>\$ 277,400</u>

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

ALEXANDRIA REGIONAL PORT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 1999

EXHIBIT C

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Intergovernmental			
Operating grants			
Red River Waterway Commission	\$ 40,000	\$ 40,000	\$ -0-
City of Alexandria	40,000	40,000	-0-
Charges for services	51,000	181,640	130,640
Lease income	75,000	73,500	(1,500)
Interest	5,000	8,459	3,459
Total Revenues	<u>211,000</u>	<u>343,599</u>	<u>132,599</u>
EXPENDITURES			
General government - current			
Salaries	59,500	51,500	8,000
Auto allowance	6,000	6,500	(500)
Payroll taxes and insurance	12,500	10,912	1,588
Retirement	5,000	5,150	(150)
Port marketing and development	12,000	17,846	(5,846)
Administration	9,000	9,533	(533)
Telephone, cellular charges, and other office expenses	13,000	12,036	964
Legal	8,000	8,601	(601)
Engineering		8,788	(8,788)
Accounting and audit	10,000	8,721	1,279
Insurance	8,000	8,234	(234)
Offloading/Uploading		9,668	(9,668)
Membership and dues	3,000	3,075	(75)
Travel	8,000	4,655	3,345
Port maintenance and operating	25,000	20,506	4,494
Miscellaneous	3,000	330	2,670
Total Expenditures	<u>182,000</u>	<u>186,055</u>	<u>(4,055)</u>
EXCESS OF REVENUES OVER EXPENDITURES	29,000	157,544	136,654
OTHER FINANCING SOURCES(USES)			
Operating transfers out	_____	(143,440)	(143,440)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES(USES) OVER EXPENDITURES	29,000	14,104	(6,786)
FUND BALANCE, BEGINNING OF YEAR	<u>263,296</u>	<u>263,296</u>	<u>-0-</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$292,296</u>	<u>\$ 277,400</u>	<u>\$ (6,786)</u>

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

**ALEXANDRIA REGIONAL PORT AUTHORITY
APRIL 30, 1999**

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Alexandria Regional Port Authority ("Authority") 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. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Alexandria Regional Port Authority, created by Act 1987, No. 440 of the Legislature of the State of Louisiana, is a political subdivision of the State. Its territorial limits are concurrent with that of the municipal limits of the City of Alexandria.

The Authority is governed by a board of commissioners, composed of eight members, who serve without compensation and are appointed for terms in accordance with the act.

In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. Generally, component units are legally separate organizations for which the elected officials or appointed board members of the primary government are financially accountable. Some of the criteria considered under "legally separate organization" are the capacity for the organization to have its own name; the right for the organization to sue and be sued in its own name without recourse to the primary government; and the right to buy, sell, lease, and mortgage property in its own name. Some of the criteria used to consider "financially accountable" include appointment of a voting majority of the organization's governing body; ability for the primary government to impose its will on the organization; whether the organization has the potential to provide specific financial benefits to, or improve specific financial burdens on the primary government; and fiscal dependence of the organization. By applying the criteria set forth in GAAP, no potential component unit has been identified; therefore, none have been included or excluded from this report.

Fund Accounting

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

ALEXANDRIA REGIONAL PORT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

A fund is a separate accounting entity with a self-balancing set of accounts. The Authority only has one fund classification - governmental. Governmental funds are used to account for all or most of a government's general activities, including the acquisition or construction of general fixed assets (Capital Projects Funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

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 available financial resources. The General Fixed Assets Account Group is used to account for fixed assets. The General Long-Term Debt Account Group is used to account for long-term debt.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. 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 present increases (i.e., revenues) and decreases (i.e., expenditures) in net current assets.

The modified accrual basis of accounting is used by the governmental fund types. 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 the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. All revenue types reported in the statements are susceptible to accrual.

Budgets and Budgetary Accounting

An operating budget, in accordance with generally accepted accounting principles, of proposed expenditures and the means of financing them was adopted. The budget was adopted on a fund basis. Amendments, if any, are subject to board approval, and the overall level of control is on the line item basis. Appropriations expire at the close of the fiscal year to the extent not expended.

Project-length financial plans are adopted for the Capital Projects Funds. Because these non-operating financial plans primarily serve as a management control function, no comparison between budgeted and actual amounts for funds budgeted on this basis is provided in this document.

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NOTES TO FINANCIAL STATEMENTS

Cash

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction, if any, are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group. All purchased fixed assets are stated at cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Assets in the General Fixed Assets Account Group are not depreciated.

Compensated Absences

Vested or accumulated vacation and sick leave that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation and sick leave of governmental funds that are not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Debt Account Group. No accrued current expenditures are reported in the governmental funds.

Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due. For long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. In the current report, all obligations are reported in the General Long-Term Debt Account Group.

Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

ALEXANDRIA REGIONAL PORT AUTHORITY
APRIL 30, 1999

NOTES TO FINANCIAL STATEMENTS

Interfund Transactions

Quasi-external transactions, if any, are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as operating transfers.

Memorandum Only - 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. The 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.

Estimates

The preparation of financial statements on a modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH

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

At April 30, 1999, the Authority had cash on deposit totaling \$339,726.

At year end, the carrying amount of the Authority's deposits were \$339,726, and bank balances were \$344,706. A summary of collateralization of bank balances is presented below.

Insured (Federal deposit insurance)	\$100,000
Uncollateralized (In accordance with GAAP; However all balances are collateralized in accordance with state law. - See below)	<u>244,706</u>
	\$344,706

**ALEXANDRIA REGIONAL PORT AUTHORITY
APRIL 30, 1999**

NOTES TO FINANCIAL STATEMENTS

Board of Commissioners
Alexandria Regional Port Authority

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 of deposit with the fiscal agent. The uncollateralized amount shown above is secured by pledged securities held in the name of pledging fiscal agent bank in a holding or custodial bank. Even though this amount is considered uncollateralized under GAAP, Louisiana Revised Statutes impose a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Authority that the fiscal agent has failed to pay deposited funds upon demand.

3. RECEIVABLES

Receivables consist of the following at April 30, 1999:

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUNDS</u>
Intergovernmental		
Red River Waterway Commission	\$	\$ 22,525
Louisiana Department of Transportation and Development		107,172
Miscellaneous	<u>11,674</u>	<u> </u>
	\$11,674	\$129,697

4. DUE FROM/TO OTHER FUNDS

Amounts due from and to other funds at April 30, 1999, consisted of the following:

	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
General Fund	\$ 93,982	\$
Capital Projects Fund	<u> </u>	<u>93,982</u>
	\$ 93,982	\$ 93,982

**ALEXANDRIA REGIONAL PORT AUTHORITY
APRIL 30, 1999**

NOTES TO FINANCIAL STATEMENTS

5. FIXED ASSETS

The following is a summary of changes in fixed assets:

	<u>BALANCE</u> <u>05/01/98</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCE</u> <u>04/30/99</u>
Landfill (elevation improvements)	\$ 2,561,492	\$	\$	\$ 2,561,492
Access road	298,798			298,798
Off-load facility	1,142,909			1,142,909
Public dock facility	382,036			382,036
General cargo facility	2,353,072			2,353,072
Crane	249,650			249,650
Crane equipment	9,150			9,150
Crane cover and warehouse	901,386			901,386
Bulk commodity handling facility	2,476,623	981,544	·	3,458,167
Site improvements	5,947			5,947
Office furniture and fixtures	7,987			7,987
Construction in progress				
Cargo handling equipment and security fencing	<u>58,455</u>	<u>256,620</u>	<u>—</u>	<u>315,075</u>
	<u>\$10,447,505</u>	<u>\$1,238,164</u>	<u>\$-0-</u>	<u>\$11,685,669</u>

The total investment in general fixed assets was funded by the following sources:

United States Economic Development Administration	\$ 978,560
State of Louisiana	
Act No. 1044 of 1986	449,996
Act No. 711 of 1987	1,267,440
Port Development and Priority Program	4,261,662
Red River Waterway Commission (See Note 6)	4,219,920
Tenant contribution	200,000
General Fund	<u>308,091</u>
	<u>\$11,685,669</u>

In consideration for the transfer of the assets from the City of Alexandria, the Authority assumed liability for possible repayment of certain advances from the Red River Waterway Commission as set forth in Note 6.

Construction of Phase II-C, cargo handling equipment and security fencing is estimated at seventy-five percent (75%) complete at the balance sheet date. The estimated cost for this phase is \$431,000 with funding provided by the following:

ALEXANDRIA REGIONAL PORT AUTHORITY
APRIL 30, 1999

NOTES TO FINANCIAL STATEMENTS

State of Louisiana Department of Transportation and Development - \$316,800; Red River Waterway Commission - \$107,750; and the remaining portion from the General Fund - \$6,450.

6. GENERAL LONG-TERM DEBT

In connection with the transfer of the assets as described in Note 5, the Authority assumed an outstanding liability payable to the Red River Waterway District (governed by the Red River Waterway Commission). The District loaned to the City of Alexandria the sum of \$306,000 on December 5, 1986, in accordance with a supplemental agreement effective April 18, 1986, for development of the Port of Alexandria. The terms of the supplemental agreement state that the City was obligated to repay the District with interest at the rate of nine percent (9%) per annum from revenues generated by the Port starting upon completion of the Port. In accordance with the "Memorandum of Cooperative Endeavor" dated February 24, 1993, between the District and the Authority, this debt will be forgiven if the port is operational by June 30, 2000.

Pursuant to an agreement dated February 11, 1985, and a supplemental agreement dated September 23, 1985, the District reimbursed the City of Alexandria \$2,000,000 for "Differential Costs" relative to the development of the Port. These agreements provide for an obligation to repay the \$2,000,000 with interest at nine percent (9%) only in the event that the Port is not completed within the time frame provided in the Act of Donation of the port site from Guaranty Realty Corporation to the City of Alexandria.

Pursuant to the "Memorandum of Cooperative Endeavor" dated February 24, 1993, between the District and the Authority, the District will provide funding of up to \$350,000 for Phase IIA to provide the local match for a construction grant from the State of Louisiana. This agreement provides for an obligation to repay the funding with interest only in the event that the Port is not operational by June 30, 2000.

Furthermore, the "Memorandum of Cooperative Endeavor" agreement provides that all funds previously advanced and loaned by the District to the Authority and to the City of Alexandria shall be declared a grant and a non-recoverable expenditure by the District upon the Port achieving operational status as defined in the agreement. Management has certified that the port is fully operational and all required documents have been filed with the Red River Waterway District. The Red River Waterway Commission has acknowledged that the port is operational and the documents necessary to forgive repayment of all sums previously advanced have been completed.

In addition to the above, the Authority's obligation relative to the liability for compensated absences is reported as a general obligation debt.

**ALEXANDRIA REGIONAL PORT AUTHORITY
APRIL 30, 1999**

NOTES TO FINANCIAL STATEMENTS

CHANGES IN LONG-TERM DEBT

During the year ended April 30, 1999, the following changes occurred in long-term debt.

	<u>BALANCE</u> <u>05/01/98</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE</u> <u>04/30/99</u>
General Long-Term Debt				
Red River Waterway				
Commission	\$306,000	\$	\$306,000	\$ -0-
Compensated absences	<u>16,692</u>	<u>475</u>	<u> </u>	<u>17,167</u>
	\$322,692	\$475	\$306,000	\$17,167

7. INDIVIDUAL RETIREMENT ACCOUNT

The Port Authority deposits directly into an individual investment account ten percent (10%) of gross salary for its sole employee as a retirement benefit.

8. LEASES

On September 1, 1998, the Authority entered into a lease agreement with Terral RiverService, Inc. Under this lease, Terral RiverService, Inc. agrees to lease a bulk cargo facility from the Authority. The terms of this agreement state that Terral RiverService, Inc. agrees to pay an annual rental of \$118,000 in advance on a quarterly basis; provided however, that in consideration for the advance by Terral RiverService, Inc. of \$200,000 for construction of the bulk cargo facility, Terral RiverService, Inc. shall be due a credit of \$20,000 per year on such rental for ten years, in which, such credit be taken as a reduction of \$5,000 for each quarterly payment until the sum of \$200,000 has been credited in full. The Authority may, however, reimburse the \$200,000 or any remaining balance thereof in advance in full or in part at any time. The term of the lease is for five years expiring August 31, 2003. Under this lease, the Authority received in the current period rental payments amounting to \$88,500 less \$15,000 credit for a net of \$73,500. In the event the lease is not renewed after the intital term of five years, any remaining balance of the credit is forfeited by Terral RiverService, Inc.

Provided this lease agreement is still in full force and effect and provided Terral RiverService, Inc. shall not be in uncorrected default of this agreement at the end of the primary term or any extension of this agreement, Terral RiverService, Inc. shall have the option to extend this lease agreement for nine additional consecutive terms of five years each.

Terral RiverService, Inc. agrees to pay all taxes or any other governmental charges, utilities, and insurance. Terral RiverService, Inc. also agrees to maintain and repair leased property and keep it in good condition.

**ALEXANDRIA REGIONAL PORT AUTHORITY
APRIL 30, 1999**

NOTES TO FINANCIAL STATEMENTS

Minimum future rental payment to be received by the Authority under the lease for the five years ending after April 30, 1999, are as follows:

<u>FISCAL</u> <u>YEAR END</u>	<u>GROSS</u>	<u>CREDIT</u>	<u>NET</u>
4/30/00	\$118,000	\$20,000	\$ 98,000
4/30/01	118,000	20,000	98,000
4/30/02	118,000	20,000	98,000
4/30/03	118,000	20,000	98,000
4/30/04	<u>29,500</u>	<u>5,000</u>	<u>24,500</u>
	\$501,500	\$85,000	\$416,500

9. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft or damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Authority carries commercial insurance as coverage for such occurrences except errors and omissions. The Authority covers all other losses, claims, settlements, and judgements, if any, from General Fund sources. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. No claim expenditures or liabilities are reported in the accompanying financial statements.

The Authority is involved in a matter concerning collection of sales taxes on certain equipment installed at the Port. In the opinion of legal council, the Authority's exposure to liability is minimal.

REQUIRED SUPPLEMENTAL INFORMATION

ALEXANDRIA REGIONAL PORT AUTHORITY
REQUIRED SUPPLEMENTAL INFORMATION
YEAR 2000 SUPPLEMENTARY INFORMATION
APRIL 30, 1999

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Authority's operations as early as fiscal year 1999.

The Authority has completed an inventory of its electronic equipment that may be affected by the year 2000 issue which is necessary to conducting Authority operations. Various accounting services are provided for by an outside accounting firm. The Authority and the outside accounting firm rely on vendors to provide the assessment, remediation, testing, and validation of the Authority's system as being year 2000 compliant. As of April 30, 1999, the Authority was in the remediation stage.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of the related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management can not assure that the Authority is or will be year 2000 ready, that the Authority's remediation efforts will be successful in whole or in part, or that parties with whom the Authority does business will be year 2000 ready.

See independent auditor's report.

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

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

Board of Commissioners
Alexandria Regional Port Authority

We have audited the general purpose financial statements of the Alexandria Regional Port Authority, Alexandria, Louisiana, as of and for the year ended April 30, 1999, and have issued our report thereon dated October 7, 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 the Alexandria Regional Port Authority'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 general purpose 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 Alexandria Regional Port Authority'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

Board of Commissioners
Alexandria Regional Port Authority

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 one matter involving the internal control over financial reporting that we have reported to management of the Alexandria Regional Port Authority in a separate letter dated October 7, 1999.

This report is intended solely for the information and use of management and the Board of Commissioners, state awarding agencies, and the Legislative Auditor's office of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Payne, Moore & Herrington, LLP
Certified Public Accountants

October 7, 1999

ALEXANDRIA REGIONAL PORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED APRIL 30, 1999

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weaknesses identified?	_____ yes	<u> x </u> no
Reportable conditions identified that are not considered to be material weaknesses?	_____ yes	<u> x </u> none reported
Noncompliance material to financial statements noted?	_____ yes	<u> x </u> no
<i>Management's Schedule of Prior Year Audit Findings</i>	Attached	
<i>Memorandum of Other Comments and Recommendations</i>	Attached	
<i>Management's Corrective Action Plan</i>	Not applicable	
<u>Federal Awards</u>	Not Applicable	

SECTION II - FINANCIAL STATEMENT FINDINGS

Not applicable.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.

ALEXANDRIA REGIONAL PORT AUTHORITY
MANAGEMENT'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED APRIL 30, 1999

FINDING 98-01 - LEGAL COMPLIANCE OF BUDGET ADOPTION

Condition: Louisiana state laws require that all action necessary to adopt, finalize, and implement the budget for an ensuing fiscal year be taken in open meeting and completed prior to the beginning of that fiscal year. The budget for fiscal year ended April 30, 1998, was not adopted until September 11, 1997.

Recommendation: It was recommend that in the future, in order to be in compliance with state laws, the proposed budget for the ensuing fiscal year be adopted prior to the beginning of that fiscal year.

Current status: The budget for fiscal year ended April 30, 1999, was adopted prior to the beginning of the fiscal year. Resolved.

MEMORANDUM OF OTHER COMMENTS AND RECOMMENDATIONS

MEMORANDUM OF OTHER COMMENTS AND RECOMMENDATIONS

Board of Commissioners
Alexandria Regional Port Authority

In planning and performing our audit of the general purpose financial statements for the year ending April 30, 1999, we considered the Authority's internal control over financial reporting to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls, operating efficiency, and possible compliance with laws. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report dated October 7, 1999, contains our report on the Authority's internal control over financial reporting. This letter does not affect our report dated October 7, 1999, on the general purpose financial statements of the Alexandria Regional Port Authority.

We will review the status of these comments and recommendations during our next audit engagement. We have already discussed these items with management personnel, and we will be pleased to discuss them with you in detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Payne, Moore & Herrington, LLP
Certified Public Accountants

October 7, 1999

MEMORANDUM OF OTHER COMMENTS AND RECOMMENDATIONS

FINDING 99-01: TRAVEL ADVANCES/REIMBURSEMENTS

In reviewing the travel expense account, we noted three instances in which supporting documentation could not be found. We noted that travel authorizations and travel vouchers are maintained, but receipts supporting these are not always maintained. We noted the Executive Director prepares his travel authorizations and travel vouchers; however, the Board president does approve all expenditures as incurred.

We recommend that supporting documentation be included with all travel reimbursements and advances and that the President sign the travel authorizations and travel vouchers as incurred, indicating approval.

MANAGEMENT'S RESPONSE:

Management will insure all travel advances, reimbursements and documents will be approved at the time of issuance of any checks or funds by the President or Treasurer. Further, at the monthly meeting, the approval of any expenses will be done by the Port Commission as has been the practice.

