

NATCHITOCHE PARISH PORT COMMISSION
Natchitoches, Louisiana

Financial Statements
December 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 7-25-07

NATCHITOCHE PARISH PORT COMMISSION
Natchitoches, Louisiana

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Required Supplemental Information
Management's Discussion and Analysis (Unaudited)

NATCHITOCHE PARISH PORT COMMISSION
Natchitoches, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the Natchitoches Parish Port Commission's (Commission) annual financial report offers readers a narrative overview and analysis of the financial performance of the Commission for the year ended December 31, 2006. The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the Commission's financial statements, which immediately follow this section.

Financial Highlights

- The Commission's net assets increased \$275,266 during the year ended December 31, 2006. This is a decrease of \$1,137.662 from prior year.
- The Commission's assets exceeded its liabilities by \$12,355,497 for the year reported. This is an increase of \$275.266 from prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Activities presents information showing how the Commission's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future periods (e.g., uncollected taxes and earned, but unused, compensated absences).

The government-wide financial statements distinguish functions of the Commission that are principally supported by leasing and intergovernmental revenues (governmental activities). The governmental activities of the Commission include general government, port and economic development. The government-wide financial statements can be found on pages 5-6 of this report.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Commission are classified as governmental funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of government's near-term financing decisions. Both the governmental funds balance sheet and the governmental statements of revenues, expenditures and changes in fund balances provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Commission maintains only one major governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for general fund.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11 through 17.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Natchitoches Parish Port Commission, assets exceeded liabilities by \$12,355,497 as of December 31, 2006.

A large portion of the Commission's net assets (97%) reflects its investments in capital assets (e.g., land, building, equipment, port improvements). The Commission uses these capital assets to provide service to port customers; consequently, these assets are not available for future spending.

Natchitoches Parish Port Commission's Net Assets

| | <u>As of December 31, 2006</u> | <u>As of December 31, 2005</u> |
|----------------------------|--------------------------------|--------------------------------|
| Current and other assets | \$ 369,216 | \$ 229,454 |
| Capital assets | <u>11,997,053</u> | <u>11,859,035</u> |
| Total Assets | <u>\$12,366,269</u> | <u>\$12,088,489</u> |
| Current liabilities | \$ 10,772 | \$ 8,258 |
| Long-term liabilities | <u>-</u> | <u>-</u> |
| Total Liabilities | <u>10,772</u> | <u>8,258</u> |
| Net Assets | | |
| Invested in capital assets | 11,997,053 | 11,859,035 |
| Unrestricted | <u>358,444</u> | <u>221,196</u> |
| Net Assets | <u>\$12,355,497</u> | <u>\$12,080,231</u> |

The remaining balance of the Commission's net assets (3%) represents resources that are used to maintain the capital assets and for administrative expenses.

The following table provides a summary of the Commission's operations for years ended December 31, 2006 and 2005. For both years, the Commission was able to report positive balances in net assets.

Natchitoches Parish Port Commission's Change in Net Assets

| | <u>As of December 31, 2006</u> | <u>As of December 31, 2005</u> |
|----------------------------------|--------------------------------|--------------------------------|
| Revenues | | |
| Program revenues | | |
| Charges for services | \$ 19,616 | \$ 24,306 |
| Capital grants and contributions | 40,000 | 40,000 |
| General revenues | | |
| Intergovernmental revenues | 454,702 | 1,629,035 |
| Rentals and fees | 239,516 | 177,092 |
| Commissions | 11,798 | 11,676 |
| Interest | 5,092 | 1,850 |
| Other | <u>28,365</u> | <u>23,989</u> |
| Total Revenues | <u>799,089</u> | <u>1,907,948</u> |
| Expenses | | |
| Port operations | <u>523,823</u> | <u>495,020</u> |
| Total Expenses | <u>523,823</u> | <u>495,020</u> |
| Change in Net Assets | <u>\$275,266</u> | <u>\$ 1,412,928</u> |

Financial Analysis of the Government's Funds

Governmental Funds – The focus of the Natchitoches Parish Port Commission's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Natchitoches Parish Port Commission's governmental funds reported an ending fund balance of \$358,444. This amount constitutes unreserved and undesignated fund balance.

General Fund Budgetary Highlights – The actual revenues were \$62,243 above the budgeted amount for the year. This was due to the accrual of rent and penalty rent that was not considered in the budgeted amount. Actual expenses were over the budgeted amount by \$35,041. This was due to scheduled project expenditures not being incurred as expected.

Economic Factors and Net Year's Budget – The primary source of revenue for the Commission is Intergovernmental Revenue in support of site improvements. Any significant changes in funding by either the State of Louisiana or the Red River Waterway Commission would have an impact on the Commission's operations. The budget for 2007 should not change significantly from the 2006 budget.

Contacting the Commission – This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Robert Breedlove at 700 Front Street, Natchitoches, LA 71457.

**Natchitoches Parish Port Commission
Natchitoches, Louisiana**

Government-Wide Financial Statements

Statement of Net Assets
December 31, 2006

Assets

| | |
|---|----------------------|
| Cash and cash equivalents | \$ 306,064 |
| Receivables | 63,152 |
| Capital assets, net of accumulated depreciation | <u>11,997,053</u> |
| Total assets | <u>\$ 12,366,269</u> |

Liabilities and Net Assets

| | |
|----------------------------|----------------------|
| Liabilities | |
| Accounts payable | \$ <u>10,772</u> |
| Total liabilities | <u>10,772</u> |
| Net assets | |
| Invested in capital assets | 11,997,053 |
| Unrestricted | <u>358,444</u> |
| Total net assets | <u>\$ 12,355,497</u> |

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

**Natchitoches Parish Port Commission
Natchitoches, Louisiana**

**Statement of Activities
December 31, 2006**

| <u>Activities</u> | <u>Expenses</u> | <u>Charges for services</u> | <u>Operating grants and contributions</u> | <u>Capital Grants and contributions</u> | <u>Net (expense) revenues and change in net assets</u> |
|-------------------|-----------------|-----------------------------|---|---|--|
| Port functions | \$ 523,823 | \$ 19,616 | \$ 40,000 | \$ - | \$(464,207) |
| | | | | | |
| | | General revenues | | | |
| | | | | | 453,202 |
| | | | | | 1,500 |
| | | | | | 239,516 |
| | | | | | 11,798 |
| | | | | | 5,092 |
| | | | | | <u>28,365</u> |
| | | | Total general revenues | | <u>739,473</u> |
| | | | | | 275,266 |
| | | | Change in net assets | | 275,266 |
| | | | | | 12,080,231 |
| | | | Net assets January 1, 2006 | | <u>12,080,231</u> |
| | | | | | 12,355,497 |
| | | | Net assets December 31, 2006 | | <u>\$ 12,355,497</u> |

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

Fund Financial Statements

**Natchitoches Parish Port Commission
Natchitoches, Louisiana**

**Balance Sheet – Governmental Fund
December 31, 2006**

Assets

| | |
|---------------------------|-------------------|
| Cash and cash equivalents | \$ 306,064 |
| Receivables | <u>63,152</u> |
| Total assets | \$ <u>369,216</u> |

Liabilities and Fund Balance

| | |
|------------------------------------|-------------------|
| Accounts payable | \$ <u>10,772</u> |
| Total liabilities | <u>10,772</u> |
| Fund balance | |
| Unreserved | <u>358,444</u> |
| Total liabilities and fund balance | \$ <u>369,216</u> |

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

**Natchitoches Parish Port Commission
Natchitoches, Louisiana**

**Reconciliation of the Balance Sheet – Governmental Fund
to the Statement of Net Assets
December 31, 2006**

| | |
|--|-----------------------------|
| Total fund balance for the governmental fund at December 31, 2006 | \$ 358,444 |
| Total net assets reported for governmental activities in the Statement of Net Assets is different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund. Those assets consist of: | |
| Land, equipment and site improvements, Net of accumulated depreciation of \$1,896,438 | <u>11,997,053</u> |
| Total net assets of governmental activities at December 31, 2006 | \$ <u>12,355,497</u> |

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

**Natchitoches Parish Port Commission
Natchitoches, Louisiana**

**Statement of Revenues, Expenditures and Changes in Fund Balance –
Governmental Fund
General Fund
Year Ended December 31, 2006**

| | |
|--------------------------------------|-------------------|
| Revenues | |
| Intergovernmental | |
| Red River Waterway Commission | \$ 493,202 |
| Village of Clarence | 1,500 |
| Charges for services | 19,616 |
| Miscellaneous | |
| Franchise fee | 11,798 |
| Rental income | 239,516 |
| Interest | 5,092 |
| Other | 28,365 |
| Total revenues | <u>799,089</u> |
| Expenditures | |
| General government | 186,732 |
| Capital outlay | <u>475,109</u> |
| Total expenditures | <u>661,841</u> |
| Excess of revenues over expenditures | 137,248 |
| Fund balance – beginning of year | <u>221,196</u> |
| Fund balance – end of year | <u>\$ 358,444</u> |

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

**Natchitoches Parish Port Commission
Natchitoches, Louisiana**

**Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance – Governmental Fund
to the Statement of Activities
for the Year Ended December 31, 2006**

| | |
|---|---------------------------|
| Total net change in fund balance at December 31, 2006, per Statement of Revenues, Expenditures and Changes in Fund Balance | \$ 137,248 |
| The change in net assets reported for governmental activities in the Statement of Activities is different because: | |
| Governmental funds report capital outlay as expenditures. However, in the government-wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. | 475,109 |
| Depreciation expense is recorded in the government- wide Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds. Current year depreciation expense is: | (<u>337,091</u>) |
| Total changes in net assets at December 31, 2006, per the Statement of Activities | \$ <u>275,266</u> |

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

**Natchitoches Parish Port Commission
Natchitoches, Louisiana**

**Notes to Financial Statements
December 31, 2006**

INTRODUCTION

The Natchitoches Parish Port Commission was created by Act 1975 containing 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 two employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Commission, for financial purposes, includes all of the funds and account groups relevant to the operations of the Commission. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Natchitoches Parish Port Commission.

The Division of Administration of the State of Louisiana has determined that the Natchitoches Parish Port Commission is a primary government and not a component unit or agency of the state government for financial reporting purposes.

B. BASIS OF PRESENTATION

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

C. FUND ACCOUNTING

The accounts of the Commission are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Commission maintains only one fund. It is categorized as a governmental fund. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The major fund of the Commission is described below:

Governmental Fund –

General Fund

The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis – Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the Commission as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place.

Modifies Accrual Basis – Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified

accrual basis of accounting, revenues are recorded when susceptible to accrual; in other words, when they are 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 pay liabilities of the current period. The Commission considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

E. ASSETS, LIABILITIES AND EQUITY

Cash and Interest-bearing Deposits –

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the Commission.

Capital Assets –

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Commission maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

| | |
|-----------------------------------|------------|
| Furniture, fixtures and equipment | 5-10 years |
| Site improvement | 40 years |
| Machinery | 15 years |

Compensated Absences –

Employees of the Natchitoches Parish Port Commission do not accrue or "carry forward" any type of leave from year to year. Therefore, no entry is made to record compensated absences.

Equity Classification –

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

F. BUDGET

Prior to the beginning of each fiscal year, the Natchitoches Parish Port Commission adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

G. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting periods. Actual results could differ from those estimates.

2. CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2006 are as follows:

| <u>Governmental Activities</u> | <u>Balance January 1, 2006</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance December 31, 2006</u> |
|---|--|-------------------|------------------|--|
| Capital assets not depreciated | | | | |
| Land | \$ 398,726 | \$ - | \$ - | \$ 398,726 |
| Total capital assets not depreciated | <u>398,726</u> | <u>-</u> | <u>-</u> | <u>398,726</u> |
| Other capital assets | | | | |
| Equipment | 45,761 | 2,587 | - | 48,348 |
| Site improvement | 12,973,895 | 451,253 | - | 13,425,148 |
| Work in progress | - | 21,269 | - | 21,269 |
| | <u>13,019,656</u> | <u>475,109</u> | <u>-</u> | <u>13,494,765</u> |
| Less accumulated depreciation | | | | |
| Equipment | 28,707 | 3,332 | - | 32,039 |
| Site improvements | 1,530,640 | 333,759 | - | 1,864,399 |
| Work in progress | - | - | - | - |
| | <u>1,559,347</u> | <u>337,091</u> | <u>-</u> | <u>1,896,438</u> |
| Other capital assets, net | <u>11,460,309</u> | <u>138,018</u> | <u>-</u> | <u>11,598,327</u> |
| Capital assets, net | <u>\$ 11,859,035</u> | <u>\$ 138,018</u> | <u>\$ -</u> | <u>\$ 11,997,053</u> |

3. CASH AND CASH EQUIVALENTS

At December 31, 2006, the Natchitoches Parish Port Commission had cash and cash equivalents totaling \$306,064. Under state law, these deposits 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. 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) | <u>206,064</u> |
| | <u>\$ 306,064</u> |

The uncollateralized amount shown above is secured by pledged securities held in the name of the pledging fiscal 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 ten (10) days of being notified by the Commission that the fiscal agent has failed to pay deposited funds upon demand.

4. LITIGATION

At December 31, 2006, there was no outstanding litigation involving the Commission that management considered material to the financial statements.

5. RECEIVABLES

The following is a summary of receivables at December 31, 2006:

Class of Receivable – General Fund

| | | |
|------------------|----|---------------|
| Rental income | \$ | 62,568 |
| Accrued interest | | 584 |
| | \$ | <u>63,152</u> |

Substantially all receivables are considered to be fully collectible, and no allowance for uncollectible accounts is used.

6. PAYABLES

The following is a summary of accounts payable at December 31, 2006:

| | | |
|---------------------|----|---------------|
| Payroll liabilities | \$ | 1,575 |
| Retirement | | 4,650 |
| Travel | | 42 |
| Office | | 315 |
| Utilities/Telephone | | 1,231 |
| Legal – Operating | | 459 |
| Engineering | | 2,500 |
| | \$ | <u>10,772</u> |

7. PENSION

Starting April 1, 2007, all employees of the Natchitoches Parish Port Commission became members of the Parochial Employees Retirement System of Louisiana (System), a multiple-employer (cost sharing), public employee retirement system (PERS), controlled and 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 Natchitoches Parish Port Commission are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from Commission funds are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of credited service, at or after age 55 with 25 years of credited service, or at any age with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final average salary for each year of credited

service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to one percent of the final average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980. 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 credited service stated previously and do not withdraw their employee contributions may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established 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.

Funding Policy – Under Plan A, members are required by State statute to contribute 9.50 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 12.75 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 Port Commission's contributions to the System under Plan A for the year ended December 31, 2006, were \$7,994, equal to the required contributions for the year.

Required Supplementary Information

Natchitoches Parish Port Commission
Natchitoches, Louisiana

General Fund Budgetary Comparison Schedule
Year Ended December 31, 2006

| | <u>GAAP Budget</u> | | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|--------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Intergovernmental | | | | |
| State of Louisiana | \$ 230,000 | \$ - | \$ - | \$ - |
| Red River Waterway Commission | 240,000 | 493,000 | 493,202 | 202 |
| City of Natchitoches | 1,500 | - | - | - |
| Village of Clarence | - | 1,500 | 1,500 | - |
| Charges for services | 22,500 | 20,000 | 19,616 | (384) |
| Miscellaneous | | | | |
| Cleco | 11,000 | 11,000 | 11,798 | 798 |
| Rental income | 150,267 | 184,266 | 239,516 | 55,250 |
| Interest | 1,800 | 4,400 | 5,092 | 692 |
| Other | 25,000 | 22,680 | 28,365 | 5,685 |
| Total revenues | <u>682,067</u> | <u>736,846</u> | <u>799,089</u> | <u>62,243</u> |
| Expenditures - Current | | | | |
| General government | | | | |
| Salaries | 83,600 | 83,600 | 83,600 | |
| Legal and accounting | 26,870 | 19,250 | 21,959 | (2,709) |
| Payroll taxes/Retirement | 12,000 | 13,000 | 10,515 | 2,485 |
| Travel and entertainment | 6,000 | 4,600 | 5,283 | (683) |
| Advertising and promotion | 5,000 | 3,700 | 4,003 | (303) |
| Office | 7,000 | 1,000 | 1,387 | (387) |
| Miscellaneous | 500 | - | - | - |
| Insurance | 16,000 | 19,500 | 19,515 | (15) |
| Licenses | 350 | 350 | 345 | 5 |
| Dues and memberships | 2,000 | 2,000 | 1,405 | 595 |
| Utilities and telephone | 15,600 | 14,500 | 16,143 | (1,643) |
| Consultants | 8,000 | - | 5,000 | (5,000) |
| Maintenance and repairs | 40,000 | 13,000 | 12,928 | 72 |
| Security | 500 | 500 | 361 | 139 |
| Recording expense | 500 | - | - | - |
| Improvements | 20,000 | - | - | - |
| Inspections | 1,000 | - | - | - |
| Appraisals | 1,000 | - | - | - |
| Engineering | 4,147 | 2,500 | 2,500 | - |
| Meetings and conferences | 2,000 | 1,300 | 1,785 | (485) |
| Legal | 30,000 | - | - | - |
| Capital outlay | | | | |
| Construction Contractor | - | 448,000 | 472,525 | (24,525) |
| Equipment | - | - | 2,587 | (2,587) |
| Land | 200,000 | - | - | - |
| Site improvements | 200,000 | - | - | - |
| Total expenditures | <u>682,067</u> | <u>626,800</u> | <u>661,841</u> | <u>(35,041)</u> |
| Excess (Deficiency) of revenues over expenditures | - | 110,046 | 137,248 | 27,202 |
| Fund balance, beginning of year | <u>221,196</u> | <u>221,196</u> | <u>221,196</u> | - |
| Fund balance, end of year | <u>\$ 221,196</u> | <u>\$ 331,242</u> | <u>\$ 358,444</u> | <u>\$ 27,202</u> |

See Independent Auditor's Report.

Independent Auditor's Reports

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Natchitoches Parish Port Commission
Natchitoches, Louisiana

We have audited the accompanying basic financial statements of the Natchitoches Parish Port Commission, as of and for the year ended December 31, 2006, as listed in the Table of contents. These basic financial statements are the responsibility of the Natchitoches Parish Port Commission's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the Natchitoches Parish Port Commission as of December 31, 2006, and the results of its operations for the year then ended in conformity with generally accepted accounting principles accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2007, on our consideration of Natchitoches Parish Port Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 1 through 4 and 18 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information; however, we did not audit the information and express no opinion on it.


ROBERTS, CHERRY AND COMPANY

A Corporation of
Certified Public Accountants
Shreveport, Louisiana
June 6, 2007

ROBERTS, CHERRY & COMPANY
Certified Public Accountants, Consultants

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

Board of Commissioners
Natchitoches Parish Port Commission
Natchitoches, Louisiana

We have audited the financial statements of Natchitoches Parish Port Commission, State of Louisiana, as of and for the year ended December 31, 2006, and have issued our report thereon dated June 6, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Natchitoches Parish Port Commission, State of Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Natchitoches Parish Port Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Natchitoches Parish Port Commission's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

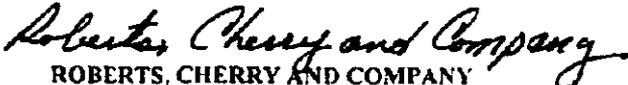
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies or material weaknesses. We did not identify any deficiencies in internal control that might be significant deficiencies or material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether Natchitoches Parish Port Commission, State of Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the revenue, banking and budget committee, management, federal awarding agencies, and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by anyone other than these specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


ROBERTS, CHERRY AND COMPANY

A Corporation of
Certified Public Accountants
Shreveport, Louisiana
June 6, 2007