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**MORGAN CITY HARBOR
AND TERMINAL DISTRICT
STATE OF LOUISIANA**

ANNUAL FINANCIAL STATEMENT

Year Ended June 30, 1997

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.

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DARNALL, SIKES & FREDERICK

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Morgan City Harbor and Terminal District
State of Louisiana
Morgan City, Louisiana

We have audited the accompanying general purpose financial statements of the Morgan City Harbor and Terminal District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1997. These financial statements are the responsibility of the District'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, 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.

As more fully described in Note 11 to the general purpose financial statements, the Morgan City Harbor and Terminal District is contesting a billing by the U. S. Corps of Engineers for reacquiring rights-of-ways in certain areas within the district. The ultimate resolution of this charge cannot presently be determined and no provision or accrual for this liability has been made in the financial statements.

In our opinion, except for the effects on the general purpose financial statements of such adjustments, if any, as might have been required had the accrual of the disputed amount referred to in the preceding paragraph been made, the general purpose financial statements referred to above present fairly the financial position of the Morgan City Harbor and Terminal District at June 30, 1997, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Governmental Auditing Standards, we have also issued a report dated August 7, 1997 on our consideration of the Morgan City Harbor & Terminal District's internal control structure and a report dated August 7, 1997 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as "Other Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The financial information for the preceding year which is included for comparative purposes was taken from the general purpose financial report for that year in which we expressed a qualified opinion on the general purpose financial statements due to the uncertain effects on the general purpose financial statements of such adjustments, if any, as might have been required had the accrual of the disputed amount referred to above been made.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Morgan City, Louisiana
August 7, 1997

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

MORGAN CITY HARBOR AND TERMINAL DISTRICT
STATE OF LOUISIANA

Combined Balance Sheet - Governmental Fund Type and Account Groups
June 30, 1997

	Governmental Fund Type General Fund	Account Groups		Totals (Memorandum Only)	
		General Fixed Assets	General Long-Term Debt	1997	1996
ASSETS					
Cash	\$ 820,033	\$ -	\$ -	\$ 820,033	\$ 398,098
Interest-bearing deposits	752,000	-	-	752,000	576,000
Investments, at cost	1,695,835	-	-	1,695,835	741,515
Receivables:					
Port	24,773	-	-	24,773	31,239
Taxes	-	-	-	-	-
Accrued interest on taxes	-	-	-	-	-
Accrued interest - other	27,866	-	-	27,866	14,760
Due from other governmental units	481,296	-	-	481,296	-
Deposits	225	-	-	225	225
Property and equipment	-	7,768,581	-	7,768,581	6,619,214
Amount to be provided for retirement of general long-term debt	-	-	1,774,374	1,774,374	7,587
Total assets	\$3,802,028	\$7,768,581	\$1,774,374	\$13,344,983	\$8,388,638
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	\$ 560,175	\$ -	\$ -	\$ 560,175	\$ 37,076
Retainage payable	44,808	-	-	44,808	-
Accrued liabilities	2,993	-	-	2,993	3,937
Certificates of indebtedness payable	-	-	1,760,000	1,760,000	-
Compensated absences	-	-	14,374	14,374	7,587
Total liabilities	607,976	-	1,774,374	2,382,350	48,600
Fund equity:					
Investment in general fixed assets	-	7,768,581	-	7,768,581	6,619,214
Fund balances:					
Reserved for debt service	176,000	-	-	176,000	-
Designated for continuing assurances to the U. S. Army Corps of Engineers	402,050	-	-	402,050	402,050
Designated for local match to state grants for wharf construction	1,700,000	-	-	1,700,000	490,000
Undesignated	916,002	-	-	916,002	828,774
Total fund balances	3,194,052	-	-	3,194,052	1,720,824
Total fund equity	3,194,052	7,768,581	-	10,962,633	8,340,038
Total liabilities and fund equity	\$3,802,028	\$7,768,581	\$1,774,374	\$13,344,983	\$8,388,638

The accompanying notes are an integral part of this statement.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
STATE OF LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget
(GAAP Basis) and Actual - Governmental Fund Type - General Fund
Year Ended June 30, 1997

With Comparative Actual Amounts for Year Ended June 30, 1996

	1997		Variance - Favorable (Unfavorable)	1996 Actual
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Taxes - ad valorem	\$ 68,876	\$ 433,175	\$364,299	\$ 399,036
Intergovernmental	741,758	858,871	117,113	12,632
Other:				
Rental	182,764	180,517	(2,247)	143,453
Interest	45,309	89,849	44,540	72,492
Other	220	220	-	-
Total revenues	<u>1,038,927</u>	<u>1,562,632</u>	<u>523,705</u>	<u>627,613</u>
Expenditures:				
Current -				
Economic and port development	672,912	674,803	(1,891)	598,022
Capital outlay	1,101,445	1,149,367	(47,922)	338,541
Debt service	28,830	32,454	(3,624)	-
Total expenditures	<u>1,803,187</u>	<u>1,856,624</u>	<u>(53,437)</u>	<u>936,563</u>
Deficiency of revenues over expenditures	(764,260)	(293,992)	470,268	(308,950)
Other financing sources:				
Proceeds of certificates of indebtedness	<u>1,767,220</u>	<u>1,767,220</u>	-	-
Excess (deficiency) of revenues and sources over expenditures	1,002,960	1,473,228	470,268	(308,950)
Fund balance, beginning	<u>1,720,824</u>	<u>1,720,824</u>	-	<u>2,029,774</u>
Fund balance, ending	<u>\$2,723,784</u>	<u>\$3,194,052</u>	<u>\$470,268</u>	<u>\$1,720,824</u>

The accompanying notes are an integral part of this statement.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
STATE OF LOUISIANA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The Morgan City Harbor and Terminal District (District) was created under Louisiana Revised Statute 34:321 as a political subdivision of the State of Louisiana with a nine member board of commissioners appointed by the governor for terms of varying length. The District is responsible for the regulation of commerce and traffic within the district and the establishment, operation and maintenance of navigable waterway systems in the Atchafalaya River and other waters of the district.

The accounting and reporting policies of the Morgan City Harbor and Terminal District conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

The accompanying financial statements of the District contain information on an individual fund of the State of Louisiana and a portion of the State's general fixed assets. As such, the accompanying statements present information only as to the transactions of the District as authorized by Louisiana statutes and administrative regulations.

Annually, the State of Louisiana issues both comprehensive and general purpose financial statements which include the activity contained in the accompanying financial statements. The comprehensive and general purpose financial statements are audited by the Legislative Auditor.

B. Fund Accounting

The accounts of the District are organized on a basis of funds and account groups, each of which is considered a portion of the fund structure of the State of Louisiana. The operation of the fund is accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures. The fund presented in the financial statements is described as follows:

MORGAN CITY HARBOR AND TERMINAL DISTRICT
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

General Fund

The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the District's office and accounts for the operations of the District's office. The District's primary sources of revenue are ad valorem taxes, state grants and federal grants. Other sources of revenue include state revenue sharing and interest earned on investments. General operating expenditures are paid from this fund.

C. Basis of Accounting

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

The District's records are maintained on the cash basis of accounting. However, the accompanying component unit financial statements have been converted to a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets. "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. Ad valorem taxes and the related state revenue sharing (which are based on population and homesteads in the parish) are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on December 31 of each year and become delinquent on January 1. The taxes are generally collected in December, January and February of each fiscal year. Interest earned on time deposits is recorded when the time deposits have matured and the income is available. Substantially all other revenues are recorded when received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except for salaries and accumulated vacation leave, which are recognized when paid.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

D. Budgetary Practices

Annually, the district adopts a budget for the General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget. Formal budgetary integration is employed as a management control device during the year. The budget is prepared on a modified accrual basis. Budget amounts included in the accompanying financial statements reflect originally adopted budget amounts and all subsequent amendments. All budgetary appropriations lapse at the end of each year.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District as an extension of formal budgetary integration in the funds.

F. Interest-Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market.

G. Fixed Assets and Long-Term Liabilities

The fixed assets used in the governmental fund type operations of the District are accounted for in the General Fixed Assets Account Group, rather than in the governmental fund. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

Account groups are not funds. They are concerned only with the measurement of financial position and are not involved with measurement of results of operation.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

H. Vacation and Sick Leave

On October 14, 1986, the District adopted an annual and sick leave policy for all full-time unclassified civil service employees. This policy accrues annual and sick leave based upon the length of service. The amount of vacation and sick leave that may be accumulated by the employee is unlimited. Upon termination, the employee will be compensated for hours of unused vacation leave at the employee's hourly rate of pay. There will be no payment of accrued sick leave.

The liability for unused vacation leave payable at June 30, 1997, is estimated to be \$14,374, which is accounted for in the General Long-Term Debt Account Group.

I. Total Columns

Total columns are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

J. Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and results of operations.

K. Adoption of GASB Statement #27

During the year ended June 30, 1997, the Morgan City Harbor & Terminal District adopted GASB Statement #27. Accounting for Pensions by State and Local Government Employers. Although this statement is effective for periods beginning June 15, 1999, the Governmental Accounting Standards Board is encouraging early implementation.

(2) Cash and Interest-Bearing Deposits

Under state law, the District may deposit funds within 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 District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 1997, the District has cash and interest-bearing deposits (book balances) totaling \$1,572,033, as follows:

MORGAN CITY HARBOR AND TERMINAL DISTRICT
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

Demand deposits	\$ 820,033
Money market accounts and time deposits	<u>752,000</u>
 Total	 \$1,572,033 <u>=====</u>

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 bank. 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. Deposit balances (bank balances) at June 30, 1997 are as follows:

Bank balances	\$1,597,506
---------------	-------------

At June 30, 1997, the deposits are secured as follows:

Federal deposit insurance	\$ 682,006
Securities pledged	<u>915,500</u>
Total	<u>\$1,597,506</u> <u>=====</u>

(3) Investments

The City's investments are categorized below to give an indication of the level of risk assumed by it at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments with securities held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments with securities held by the counterparty, or by its trust department or agent, but not in the City's name.

	Category			Carrying Amount	Market Value
	1	2	3		
U. S. government securities	\$1,695,835	-	-	<u>\$1,695,835</u>	<u>\$1,674,455</u> <u>=====</u>

MORGAN CITY HARBOR AND TERMINAL DISTRICT
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

(4) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in September and are billed to the taxpayers by the Assessor in October. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year.

Taxes are budgeted and the revenue recognized in the year of the assessment, when the majority of the taxes are actually collected.

The taxes are based on assessed values determined by the Tax Assessor of St. Mary Parish and are collected by the Sheriff. The taxes are remitted to the District net of deductions for Pension Fund contributions.

For the year ended June 30, 1997, taxes of 4.58 mills were levied on property with net assessed valuations totaling \$96,536,813 and were dedicated to paying the administrative, operative and maintenance expenditures of the District.

Total taxes levied during 1997 were \$442,139. There were no taxes receivable at June 30, 1997.

(5) Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance <u>July 1, 1996</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 1997</u>
Equipment	\$ 104,120	\$ 5,326	\$ -	\$ 109,446
Leasehold Improvements	19,237	-	-	19,237
Wharf Equipment	2,052,419	100	-	2,052,519
Wharf Facility	-	4,236,981	-	4,236,981
Construction in Progress				
-Wharf Project	4,236,981	-	4,236,981	-
-Transit Shed	169,529	1,061,459	-	1,230,988
-Railroad Spur	13,586	68,533	-	82,119
-Tidewater Point	23,342	13,949	-	37,291
Total	<u>\$6,619,214</u>	<u>\$5,386,348</u>	<u>\$4,236,981</u>	<u>\$7,768,581</u>

Construction in progress of \$1,350,398 at June 30, 1997, consisted of the following:

MORGAN CITY HARBOR AND TERMINAL DISTRICT
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

	<u>Project Authorization</u>	<u>Expended to 6/30/97</u>	<u>Committed</u>	<u>Required Future Financing</u>
Transit Shed and Truck Yard	\$2,987,158	\$1,230,988	\$2,987,158	\$ -
Railroad Spur	997,642	82,119	997,642	-
Tidewater Point	<u>37,291</u>	<u>37,291</u>	<u>37,291</u>	-
Total	<u>\$4,022,091</u>	<u>\$1,350,398</u>	<u>\$4,022,091</u>	<u>\$ -</u>

The amount committed is financed with state grants along with matching funds of the District.

(6) Retirement Commitments

All employees of the District who are hired on a permanent basis not participating in another public funded retirement system are required to participate in the Louisiana State Employees Retirement System.

State statute requires covered employees to contribute 7.5 percent of their salaries to the System. The System required an employer contribution equal to 12.4 percent of each covered member's salary for wages paid to members. The District's contribution to the System for the years ended June 30, 1997, 1996 and 1995 were \$20,245, \$17,291 and \$13,928 respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Louisiana State Employees' Retirement System.

(7) Long-Term Leases

The District leases land and buildings under noncancelable operating leases. Total costs for such leases were \$74,269 for the year ended June 30, 1997. The future minimum lease payments for these leases are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
1998	\$61,937
1999	61,937
2000	61,937
2001	61,937
2002	61,937
thereafter	<u>433,559</u>
	<u>\$743,244</u>

MORGAN CITY HARBOR AND TERMINAL DISTRICT
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

(8) Designation of Fund Balance

The District has designated \$500,000 of its fund balance for complete assurance to the United States Army Corps of Engineers. In the amended act of Assurance of Agreement and Designation dated August 14, 1973, the District has given continuing assurances to contribute 25% of the construction costs of the Atchafalaya River and Bayou Boeuf, Black and Chene Projects. Payments contributed in prior years toward these guarantees reduced the total amount designated at June 30, 1997 to \$402,050.

In accordance with the grant agreements that the District has executed with the State of Louisiana, the District is required to fund a portion of the wharf construction projects. The State of Louisiana will fund 90% of the construction cost of the project up to specified limits. The District will match the remaining project costs. Therefore, at June 30, 1997, the District has designated \$1,700,000 of fund balance as a guarantee that the local matching funds are available.

(9) Commissioners' Compensation

During the year ended June 30, 1997, none of the following commissioners were compensated for their services to the District:

Alfred Lippman, President
Larry J. Doiron, Vice President
Doyle Berry, Secretary
Shirley Bailey, Treasurer
Gary Duhon
Bernie Hunter
Raymond Wade
Wallace Carline
Earl Hebert

(10) Litigation and Claims

There is no litigation pending against the district. The United States Army Corps of Engineers has billed the Port Commission \$456,000 as its share of the costs of reacquiring certain rights-of-ways in the Atchafalaya River, Bayou Chene, Bayou Boeuf and Bayou Black Projects. Management and legal counsel for the district are of the opinion that there is little, if any, liability thereunder. Therefore, this billing has not been accrued at June 30, 1997.

INTERNAL CONTROL
AND
COMPLIANCE REPORTS

DARNALL, SIKES & FREDERICK

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Commissioners
Morgan City Harbor and Terminal District
State of Louisiana
Morgan City, Louisiana

We have audited the general purpose financial statements of the Morgan City Harbor and Terminal District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1997, and have issued our report thereon dated August 7, 1997.

We conducted our audit in accordance with generally accepted auditing standards, 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.

The management of the Morgan City Harbor and Terminal District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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In planning and performing our audit of the general purpose financial statements of the Morgan City Harbor and Terminal District for the year ended June 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted one certain matter involving the internal control structure and its operation that we consider to be a reportable condition 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 structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees, the District did not have adequate segregation of functions within the accounting system.

Recommendation:

Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response:

No response is considered necessary.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 the internal control structure would not necessarily disclose all matters in the internal control structure 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, we believe the reportable condition described above is a material weakness.

This report is intended for the information of the Board of Commissioners of the Morgan City Harbor and Terminal District. However, this report is a matter of public record and its distribution is not limited.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Morgan City, Louisiana
August 7, 1997

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Commissioners
Morgan City Harbor and Terminal District
State of Louisiana
Morgan City, Louisiana

We have audited the general purpose financial statements of the Morgan City Harbor and Terminal District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1997, and have issued our report thereon dated August 7, 1997.

We conducted our audit in accordance with generally accepted auditing standards, 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.

Compliance with laws, regulations, contracts, and grants applicable to the Morgan City Harbor and Terminal District is the responsibility of management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our test disclosed no instances of noncompliance that are required to be reported under Governmental Audit Standards.

This report is intended for the information of the Board of Commissioners of the Morgan City Harbor and Terminal District. However, this report is a matter of public record and its distribution is not limited.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Morgan City, Louisiana
August 7, 1997

MEMBERS OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

OTHER SUPPLEMENTAL INFORMATION

MORGAN CITY HARBOR AND TERMINAL DISTRICT
STATE OF LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis)
Year Ended June 30, 1997
With Comparative Actual Amounts for Year Ended June 30, 1996

	1997		Variance - Favorable (Unfavorable)	1996 Actual
	<u>Budget</u>	<u>Actual</u>		
Current -				
Economic port development -				
Administrative:				
Salaries	\$ 139,270	\$ 143,436	\$ (4,166)	\$150,130
Personnel related benefits	36,794	36,678	116	31,149
Accounting fees	10,690	11,090	(400)	8,686
Legal	14,636	30,330	(15,694)	23,921
Temporary services	1,320	512	808	1,250
Insurance	42,866	42,414	452	76,635
Office supplies	19,337	17,644	1,693	10,125
Supplies	-	-	-	1,710
Repairs and maintenance	10,008	10,647	(639)	6,783
Sales taxes	19,500	19,500	-	-
Telephone	9,760	9,863	(103)	13,445
Miscellaneous	18,560	9,226	9,334	9,018
Deduction from ad valorem taxes for retirement system	13,990	13,990	-	12,464
Total administrative	<u>336,731</u>	<u>345,330</u>	<u>(8,599)</u>	<u>345,316</u>
Marketing:				
Advertising and dues	11,812	11,890	(78)	11,521
Vehicle expenses	15,272	15,313	(41)	3,847
Promotion	13,456	13,347	110	9,169
Supplies	12,712	3,891	8,821	-
Telephone	3,331	3,260	71	-
Travel	5,419	5,545	(126)	23,035
Total promotional	<u>62,002</u>	<u>53,246</u>	<u>8,757</u>	<u>47,572</u>
Port development:				
Consultant fees	53,553	53,153	400	79,050
Engineering	1,800	1,800	-	4,021
Repairs and maintenance	-	-	-	1,122
Total development	<u>55,353</u>	<u>54,953</u>	<u>400</u>	<u>84,193</u>
Port operation:				
Salaries	24,000	23,128	872	-
Personnel related benefits	5,221	2,707	2,514	-
Contracted services	26,790	24,587	2,203	44,575
Equipment rental	1,199	1,199	-	126
Insurance	43,173	43,173	-	-
Fuel	3,249	3,061	188	1501
Repairs and maintenance	15,031	15,638	(607)	11,858
Supplies	672	847	(175)	3,715
Telephone	1,465	1,651	(186)	-
Utilities	4,601	5,091	(490)	572
Miscellaneous	3,366	1,971	1,395	1,989
Total rental	<u>128,767</u>	<u>123,053</u>	<u>5,714</u>	<u>64,336</u>
Rentals:				
Facility lease	67,665	74,268	(6,604)	41,927
Repairs and maintenance	13,899	14,461	(562)	-
Janitorial/pest control	641	634	7	5,106
Utilities	7,854	8,858	(1,004)	9,572
Total rental	<u>90,059</u>	<u>98,221</u>	<u>(8,163)</u>	<u>56,605</u>
Total economic and port development	<u>672,912</u>	<u>674,803</u>	<u>(1,891)</u>	<u>598,022</u>

(continued)

MORGAN CITY HARBOR AND TERMINAL DISTRICT
STATE OF LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis)
Year Ended June 30, 1997 (Continued)
With Comparative Actual Amounts for Year Ended June 30, 1996

	1997		Variance - Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
Capital outlay:				
Equipment	11,079	5,426	5,653	129,395
Wharf facilities	<u>1,090,366</u>	<u>1,143,941</u>	<u>(53,575)</u>	<u>209,146</u>
Total capital outlay	<u>1,101,445</u>	<u>1,149,367</u>	<u>(47,922)</u>	<u>338,541</u>
Debt service:				
Bond issuance costs	28,830	28,830	-	-
Interest and fiscal charges	<u>-</u>	<u>3,624</u>	<u>(3,624)</u>	<u>-</u>
Total debt service	<u>28,830</u>	<u>32,454</u>	<u>(3,624)</u>	<u>-</u>
Total expenditures	<u>\$1,803,187</u>	<u>\$1,856,624</u>	<u>\$(53,437)</u>	<u>\$936,563</u>