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WEST ST. MARY PARISH PORT, HARBOR
AND TERMINAL DISTRICT

ST. MARY PARISH, LOUISIANA

ANNUAL FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT

and

INDEPENDENT AUDITORS' REPORT ON FEDERAL FINANCIAL ASSISTANCE,
INTERNAL ACCOUNTING CONTROL, AND COMPLIANCE

For the Year Ended December 31, 1995

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 JUL 03 1996

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INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
West St. Mary Parish Port,
Harbor and Terminal District
Franklin, Louisiana

We have audited the accompanying general purpose financial statements of the West St. Mary Parish Port, Harbor and Terminal District, as of and for the year ended December 31, 1995, as listed in the table of contents. These general purpose 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; and the provisions of Office of Management and Budget Circular A-128, Audits of State and Local Governments. 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 West St. Mary Parish Port, Harbor and Terminal District as of December 31, 1995, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated March 28, 1996 on our consideration of the West St. Mary Parish Port, Harbor and Terminal District's internal control structure and a report dated March 28, 1996 on its compliance with laws and regulations.

March 28, 1996

A handwritten signature in black ink, appearing to read 'Pitts & Matte', located below the date and to the right of the text.

WEST ST. MARY PARISH PORT, HARBOR, AND TERMINAL DISTRICT

BALANCE SHEET

December 31, 1995

ASSETS

Current assets

Cash and cash equivalents	\$ 112,419
Ad valorem taxes receivable	253,768
Revenue sharing receivable	22,898
Rental receivables	11,557
Prepaid expenses	<u>3,300</u>
Total current assets	<u>403,942</u>

Restricted assets

Certificates of indebtedness sinking fund	
Cash	14,331
Port Improvements - Public Intermodal	
Terminal Facility (Phase V)	
Due from the Economic Development Administration	<u>30,931</u>
Total restricted assets	<u>45,262</u>

Property, plant and equipment (less accumulated depreciation of \$1,420,977)	<u>5,954,255</u>
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\$6,403,459

LIABILITIES

Current liabilities	
Accounts payable	\$ 14,031
Accrued expenses	54,153
Contracts payable	34,600
Deferred revenue	4,450
Employee advances	803
Total current liabilities	<u>108,037</u>
Payable from restricted assets	
Certificates of indebtedness	
Payable within one year	15,000
Accrued interest on certificates	4,134
Port Improvements - Public Intermodal Terminal Facility (Phase V)	
Contract payable	<u>26,894</u>
Total payable from restricted assets	<u>46,028</u>
Long-term liabilities	
Certificates of indebtedness	<u>195,000</u>
Total liabilities	<u>349,065</u>

FUND EQUITY

Contributed capital	
Individuals	822,819
Other governments	<u>4,479,357</u>
	5,302,176
Retained earnings	<u>752,218</u>
Total fund equity	<u>6,054,394</u>
	<u>\$6,403,459</u>

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

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
 Year Ended December 31, 1995

Operating revenues:	
Rentals	\$ <u>55,825</u>
Operating expenses:	
Advertising and promotion	50,484
Auto expense	13,702
Depreciation and amortization	216,296
Dues and subscriptions	7,418
Insurance	27,253
Miscellaneous	2,488
Office supplies	5,348
Postage	1,558
Professional fees	36,707
Repairs and maintenance	33,728
Hurricane repairs	21,299
Salaries	93,117
Payroll taxes	7,771
Employee fringe	19,138
Telephone	12,631
Travel	41,526
Xerox and printing	2,738
Utilities, repairs and maintenance	6,828
Total operating expenses	<u>600,030</u>
Operating loss	<u>(544,205)</u>
Non-operating revenue and (expenses)	
Ad valorem taxes	319,805
Revenue sharing	34,347
Interest income	8,952
Interest expense	(11,123)
FEMA grant	12,293
State grant	3,661
	<u>367,935</u>
Net loss	<u>(176,270)</u>
Add: Depreciation on fixed assets acquired by grants externally restricted for capital acquisition and construction that reduces contributed capital	<u>178,934</u>
Net increase in retained earnings	2,664
Retained earnings at beginning of year	<u>749,554</u>
Retained earnings at end of year	\$ <u>752,218</u>

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

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT

STATEMENT OF CASH FLOWS
 For The Year Ended December 31, 1995
 Increase (Decrease) in Cash and Cash Equivalents

Cash flows from operating activities:

Cash received from property rentals	\$ 55,825
Cash payments to employees for services	(109,645)
Cash payments to suppliers for goods and services	(<u>271,189</u>)
Net cash flows from operating activities	(<u>325,009</u>)

Cash flows from noncapital financing activities:

State revenue sharing	36,461
Ad valorem taxes	330,940
Interest received	<u>8,952</u>
Net cash flows from noncapital financing activities	<u>376,353</u>

Cash flows from capital and related financing activities:

Construction grant from LA DOTD	662,810
Fixed asset acquisitions	(838,686)
Principal payment on certificates of indebtedness	(15,000)
Interest payment on certificates of indebtedness	(<u>10,827</u>)
Net cash flows from capital and related financing activities	(<u>201,703</u>)

Net decrease in cash and cash equivalents	(150,359)
Cash and cash equivalents beginning of year	<u>277,109</u>
Cash and cash equivalents end of year	\$ <u><u>126,750</u></u>

Cash and cash equivalents at the end of the year consists of:

Current assets	\$ 112,419
Cash and cash equivalents	
Restricted assets	
Certificates of indebtedness sinking fund	<u>14,331</u>
Cash	\$ <u><u>126,750</u></u>

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 1995

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The District was established in 1974 by Act of the Louisiana legislature to develop and operate a port and related facilities serving the western portion of St. Mary Parish. It is the intent of the District to develop a port, harbor facility and industrial area and that a substantial portion of the costs of operations of these facilities be ultimately borne by revenue derived from user charges. The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies:

A. Reporting Entity

The Government Accounting Standards Board has issued GASB Statement No. 14, establishing criteria for determining the governmental reporting entity and component units which should be included within the reporting entity. The reporting entity includes the governing authority (primary government) which is the component unit with financial accountability and any other governmental entities for which the primary government has financial accountability. Financial accountability is determined on the basis of the following criteria:

1. Financial benefit or burden
2. Appointment of a voting majority
3. Imposition of will
4. Fiscally dependent

Based on the previous criteria, the District has determined that it has no component units.

In accordance with GASB Statement No. 14, the St. Mary Parish Council, City of Franklin, and Town of Baldwin are considered to be related organizations to the District as they appoint members to the board of the District. Financial accountability does not exist between the previously stated entities and the District because they do not impose their will or have a financial benefit or burden relationship with the District.

These financial statements include all funds and account groups of the District, the reporting entity.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting

The District uses one fund, the proprietary fund (enterprise fund type), to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

C. Basis of Accounting

The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The accrual basis of accounting is utilized by the proprietary fund under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The District reports deferred revenue on its balance sheet. Deferred revenues arise when resources are received by the District before it has a legal claim to them as when rental payments are received prior to the use of the facility. In subsequent periods, when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

D. Cash and Cash Equivalents

Under state statute, the District is permitted to maintain accounts, including certificates of deposit, with financial institutions chartered by or located within Louisiana. In addition, the District is permitted to hold certain investments issued or backed by the federal government.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents consist primarily of demand bank accounts and certificates of deposit which are valued at cost which is equal to market value.

For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

E. Receivables

The District recognizes uncollectible amounts on the direct write-off method. Therefore no reserve for uncollectible accounts is recorded at December 31, 1995. The District believes that uncollectible accounts, if any, are immaterial.

F. Fixed Assets

All purchased fixed assets are valued at historical acquisition costs. Donated fixed assets are valued at their estimated fair market value on the date of donation. See Notes 8 and 9 for further information on donated fixed assets.

Proprietary funds are accounted for in substantially the same manner as private business enterprises; therefore, fixed assets associated with the production of the service provided by the proprietary fund are accounted for within the proprietary fund. Accordingly, fixed assets within the proprietary fund are depreciated using the straight-line method based on their estimated useful lives and the expense for this depreciation is charged against current revenues. See Note 4 for further information on fixed assets held by the proprietary fund.

G. Compensated Absences

Employees earn vacation and sick leave annually at varying rates depending upon length of service. These compensated absences related to vacation time are allowed to accumulate from period to period if not used.

Upon termination, an employee is compensated for accumulated vacation time; but, employees are not compensated for sick time.

The liability related to this accumulated vacation time totaled \$50,798 at the end of 1995, of which \$1,296 is related to 1995.

NOTE 2 - CASH AND CASH EQUIVALENTS

The District may deposit funds with a fiscal agent bank and certain other financial institutions. The District may also invest in time deposits, certificates of deposit, or certain government backed securities. At year end, the carrying amount of the District's cash and cash equivalents was \$126,750 and the bank balance was \$132,178, which was fully covered by depository insurance.

NOTE 3 - PROPERTY TAX

The District's property tax is levied in October of each year on the assessed value of property within the District's taxing area. Taxes are due and payable by December 31. The taxes are delinquent after January 1 and an enforceable lien attaches to the property at that time. The taxes are collected by the St. Mary Parish Sheriff and remitted to the District. Most taxes are received by the District in January and February. The Sheriff generally does not take final collection action on delinquent taxes until June.

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

The major classifications of property, plant and equipment and their basis and estimated useful lives follow:

<u>Category</u>	<u>Basis</u>	<u>Estimated Useful Life</u>
Available for lease:		
Land - Port site	\$ 586,345	
Improvements - Port	5,748,265	2-25 yrs
Buildings - Port	647,335	25 yrs
Construction-in-process	106,316	
	<u>7,088,261</u>	
Less: accumulated depreciation	(1,207,768)	
	<u>5,880,493</u>	
Other property, plant and equipment		
Land - Office site	34,078	
Office building	120,036	25 yrs
Furniture, fixtures and equipment	132,857	3-8 yrs
	<u>286,971</u>	
Less: accumulated depreciation	(213,209)	
	<u>73,762</u>	
	<u>\$ 5,954,255</u>	

Depreciation and amortization expense related to the use of fixed assets is approximately \$216,000 for 1995.

NOTE 5 - DEFERRED REVENUE

The following is a detail of deferred revenue at December 31, 1995:

FEMA assistance \$4,450

The amount of Federal Emergency Management Agency (FEMA) assistance represents grant dollars received by the District before the District has met all grant requirements.

NOTE 6 - LEASES

The District has available for lease all of its land, buildings, and improvements at the port site as described in Note 4. At December 31, 1995, the District had three parcels of property leased to businesses located at the port site.

The minimum future rentals on the above mentioned leases are as follows at:

December 31, 1996	\$ 26,575
1997	59,000
1998	55,000
1999	30,000
2000	30,000
2001-2019	<u>725,000</u>
	<u>\$925,575</u>

One of the leasees agreed to make approximately \$25,000 in capital improvements to the District's facilities. In exchange, the District agreed to forgive the rent due on this lease for a period of ten months, beginning November 1, 1995, at a rate of \$2,500 per month not to exceed \$25,000.

In addition, the District has an agreement with a business to utilize the port facilities for a rental fee of \$600 per month on a month to month basis.

The leasing arrangements vary based on the operations of the tenant and may be either short-term or long-term in nature. However, a primary consideration in addition to the generation of rental income is the ability of the lessee to create jobs.

In December, 1981, the District entered an agreement to lease from the State of Louisiana a strip of land which runs through the port site. The lease calls for an annual payment of \$350 and expires in December, 2006; however, the District has the option to renew the lease for an additional twenty-five year term.

NOTE 6 - LEASES (continued)

Future minimum rental payments under this lease are as follows:

1996	\$ 350
1997	350
1998	350
1999	350
2000	350
2001-2006	<u>2,100</u>
Aggregate future minimum rental payments	<u>\$3,850</u>

Payments made under this lease totaled \$350 in 1995.

NOTE 7 - LONG-TERM DEBT

The following is a detail of long-term debt at December 31, 1995:

Certificates of Indebtedness payable to St. Mary Bank & Trust, bearing interest at a rate of 5.25%, payable in semi-annual installments, with final payment due in February 15, 2004, payable from restricted assets	<u>\$210,000</u>
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Aggregate future maturities of this debt are as follows:

<u>For the Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1996	\$ 15,000	\$10,631	\$ 25,631
1997	20,000	9,713	29,713
1998	20,000	8,663	28,663
1999	20,000	7,613	27,613
2000	25,000	6,431	31,431
2001-2004	<u>110,000</u>	<u>12,076</u>	<u>122,076</u>
	<u>\$210,000</u>	<u>\$55,127</u>	<u>\$265,127</u>

The District is subject to certain positive and negative covenants related to their certificates of indebtedness, including but not limited to the transfer of certain funds to a sinking fund account on a monthly basis and a limitation as to the issuance of future debt.

Prior to year end, the District had not made one sinking fund payment totaling \$2,169 as of December 31, 1995; subsequent to year end this payment was made.

NOTE 8 - CONTRIBUTED CAPITAL - INDIVIDUALS

Contributions by individuals consists of land and a channel donated for development of the port facility. The land which consists of approximately 100 acres was donated a number of years ago and is valued at \$472,819. The channel was donated during 1994 and is valued at \$350,000.

NOTE 9 - CONTRIBUTED CAPITAL - OTHER GOVERNMENTS

Changes in the District's contributed capital - other governments during the year were as follows:

Balance at December 31, 1994	\$ 4,190,541
Additions to contributed capital	
Federal EDA grant	30,930
Louisiana DOTD grant	436,820
Depreciation of fixed assets acquired with contributed capital	(<u>178,934</u>)
Balance at December 31, 1995	\$ <u>4,479,357</u>

NOTE 10 - COMPENSATION OF COMMISSIONERS

The Commissioners of the district received no per diems, salaries, or wages for the year ended December 31, 1995.

NOTE 11 - RETIREMENT PLANS

Employees of the District are covered under the Federal Insurance Contributions Act (Social Security). The District makes the required contributions to the fund and is not responsible for the benefits.

NOTE 12 - COMMITMENT

Prior to December 31, 1995, the District entered into two agreements which will extend the existing public rail spur and road resurfacing. These two projects were combined for funding purposes and are estimated to have a total cost of \$832,000. The funding is to be provided from the Department of Transportation and Development (DOTD) for approximately \$443,000, the Economic Development Administration (EDA) for approximately \$376,000, and the District for approximately \$13,000. Approximately \$62,000 in preliminary administrative and engineering costs have been incurred on these projects for the year ended December 31, 1995. Total costs incurred since inception of the project total approximately \$65,000.

NOTE 12 - COMMITMENT (continued)

A third agreement was entered into by the District prior to December 31, 1995, which will provide for warehouse improvements. The total cost is estimated to be \$571,400. Funding consists of \$446,400 from DOTD and \$125,000 from the District primarily through the issuance of \$125,000 in certificates of indebtedness. Approximately \$40,000 in engineering and administrative fees have been incurred on this project for the year ended December 31, 1995.

FEDERAL FINANCIAL ASSISTANCE,
INTERNAL ACCOUNTING CONTROL, AND COMPLIANCE SECTION



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INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF
FEDERAL FINANCIAL ASSISTANCE

March 28, 1996

Board of Commissioners
West St. Mary Parish Port, Harbor
and Terminal District
Franklin, Louisiana

We have audited the general purpose financial statements of the West St. Mary Parish Port, Harbor and Terminal District for the year ended December 31, 1995, and have issued our report thereon dated March 28, 1996. These general purpose financial statements are the responsibility of the West St. Mary Parish Port, Harbor and Terminal 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, and the provisions of Office of Management and Budget Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the West St. Mary Parish Port, Harbor and Terminal District taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule 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.

WEST ST. MARY PARISH PORT, HARBOR
AND TERMINAL DISTRICT

Schedule of Federal Financial Assistance
For the Year Ended December 31, 1995

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE</u>	<u>CFDA #</u>	<u>REVENUES</u>	<u>EXPENSES</u>
<u>United States Department of Commerce</u>			
Economic Development Administration			
Economic Development - Grants for Public Works and Infrastructure Development	11.300	\$30,930	\$30,930
<u>Federal Emergency Management Agency</u>			
Passed through the Louisiana Department of Military Affairs - Office of Emergency Preparedness			
Disaster Assistance	83.516	<u>12,293</u>	<u>12,293</u>
Total Federal Financial Assistance		<u>\$43,223</u>	<u>\$43,223</u>

The accompanying note is an integral part of this financial statement.

WEST ST. MARY PARISH PORT, HARBOR
AND TERMINAL DISTRICT

Note to Schedule of Federal Financial Assistance
For the Year Ended December 31, 1995

NOTE 1 - REPORTING METHOD

In late August of 1992 Hurricane Andrew struck the Louisiana coastline, causing certain damages to the District's property and disrupting its normal activities. The Federal Emergency Management Agency (FEMA) funds a portion of certain expenditures made by local governments related to this disaster. The initial assistance received from FEMA of \$59,481 was based on an estimate of damages. In some cases final approved funding will vary from initial estimates of damages. The amounts included as revenues and expenditures in this schedule of \$12,293 represents the amount of reimbursable costs incurred for the year ended December 31, 1995. Through December 31, 1994, \$42,738 in reimbursable costs were incurred. The excess of FEMA funds received over actual reimbursable costs incurred through year end of \$4,450 is reported as deferred revenue. When all projects are completed additional amounts may be due the District or repayable to FEMA. The adjustment will be recognized in the period when finalized.

PITTS & MATTE

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

March 28, 1996

Board of Commissioners
West St. Mary Parish Port,
Harbor and Terminal District
Franklin, Louisiana

We have audited the general purpose financial statements of the West St. Mary Parish Port, Harbor and Terminal District as of and for the year ended December 31, 1995, and have issued our report thereon dated March 28, 1996.

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

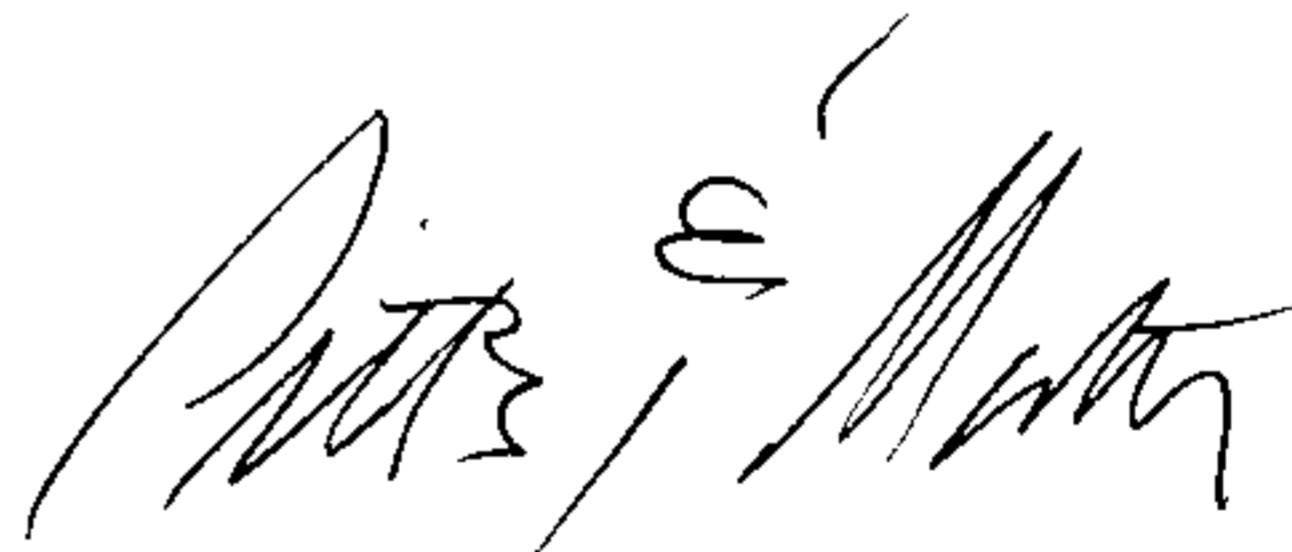
The management of the West St. Mary Parish Port, Harbor and Terminal District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal 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.

In planning and performing our audit of the general purpose financial statements of the West St. Mary Parish Port, Harbor and Terminal District for the year ended December 31, 1995, 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

A similar report issued by us dated April 11, 1995 for the year ended December 31, 1994 reported no material weaknesses.

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



CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE
USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

March 28, 1996

Board of Commissioners
West St. Mary Parish Port, Harbor
and Terminal District
Franklin, Louisiana

We have audited the general purpose financial statements of the West St. Mary Parish Port, Harbor and Terminal District, as of and for the year ended December 31, 1995, and have issued our report thereon dated March 28, 1996.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit for the year ended December 31, 1995, we considered the internal control structure of the West St. Mary Parish Port, Harbor and Terminal District in order to determine our auditing procedures for the purpose of expressing our opinion on the West St. Mary Parish Port, Harbor and Terminal District's general purpose financial statements and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated March 28, 1996.

The management of the West St. Mary Parish Port, Harbor and Terminal District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements 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, 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, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance 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.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

INTERNAL ACCOUNTING CONTROLS

- General
- Cash
- Revenue, receivables, and receipts
- Expenditures for goods, services, and accounts payable
- Property, equipment, and capital expenditures
- Debt and debt service expenditures

FEDERAL PROGRAM ADMINISTRATIVE CONTROLS

General Requirements

- Political activity
- Davis-Bacon Act
- Civil rights
- Allowable costs/cost principles
- Drug-Free Workplace Act
- Administrative requirements
- Federal financial reports

Specific Requirements

- Types of services allowed or unallowed
- Matching, level of effort, and/or earmarking requirements
- Special reporting requirements

Claims for advances and reimbursements

Amounts claimed or used for matching

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended December 31, 1995, the West St. Mary Parish Port, Harbor and Terminal District had no major federal financial assistance programs and expended 100% of its total federal financial assistance under the following nonmajor federal financial assistance programs:

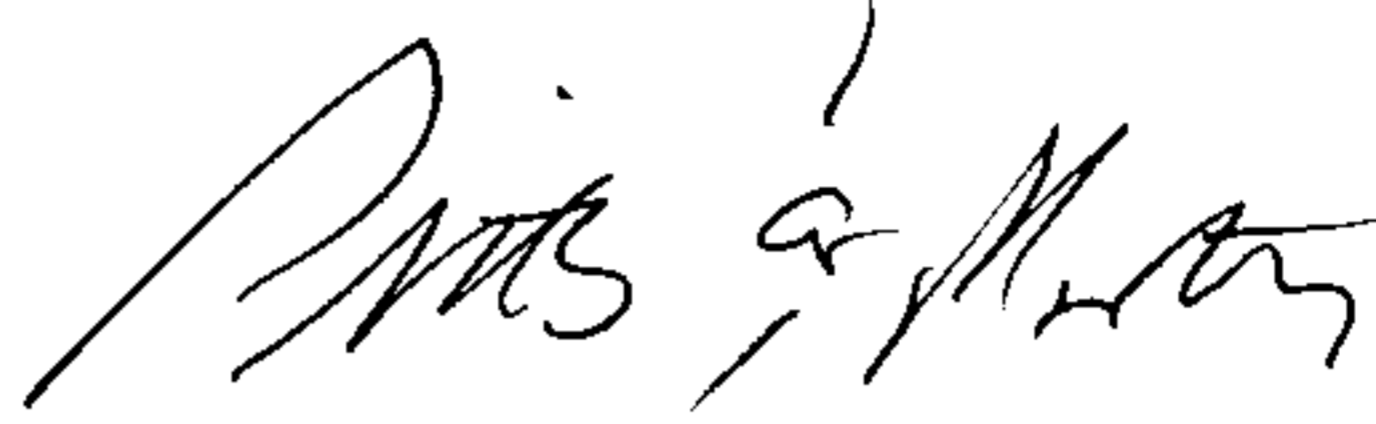
United States Department of Commerce
Economic Development Administration
Economic Development - Grants for
Public Works and Infrastructure Development
Federal Emergency Management Agency
Disaster Assistance

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. 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 noncompliance with laws and regulations that would be material to a federal financial assistance program 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 structure and its operation that we consider to be material weaknesses as defined above.

A similar report issued by us dated April 11, 1995 for the year ended December 31, 1994 reported no material weaknesses.

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

A handwritten signature in cursive script, appearing to read "P. M. & M. S.", is centered on the page.

CERTIFIED PUBLIC ACCOUNTANTS



a corporation of
certified public accountants

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

March 28, 1996

Board of Commissioners
West St. Mary Parish Port,
Harbor and Terminal District
Franklin, Louisiana

We have audited the general purpose financial statements of West St. Mary Parish Port, Harbor and Terminal District, as of and for the year ended December 31, 1995, and have issued our report thereon dated March 28, 1996.

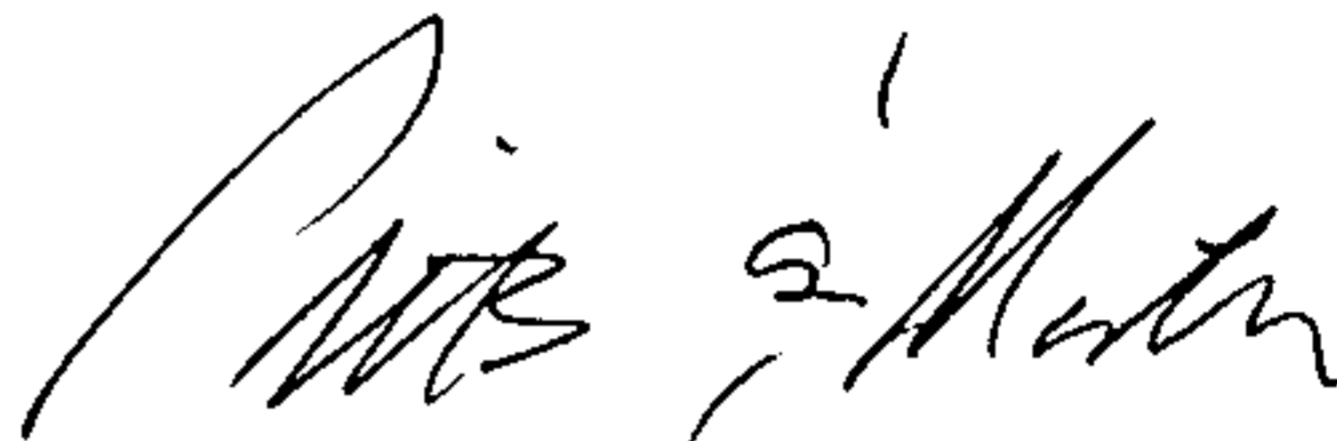
We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to West St. Mary Parish Port, Harbor and Terminal District, is the responsibility of West St. Mary Parish Port, Harbor and Terminal District's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of West St. Mary Parish Port, Harbor and Terminal 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 tests disclosed no instances of noncompliance that are required under Government Auditing Standards.

A similar report issued by us dated April 11, 1995 for the year ended December 31, 1994 reported no instances of noncompliance.

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

A handwritten signature in cursive script, appearing to read "P. W. & M. A.", is positioned above the printed title.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE GENERAL
REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

March 28, 1996

Board of Commissioners
West St. Mary Parish Port,
Harbor and Terminal District
Franklin, Louisiana

We have audited the general purpose financial statements of the West St. Mary Parish Port, Harbor and Terminal District as of and for the year ended December 31, 1995, and have issued our report thereon dated March 28, 1996.

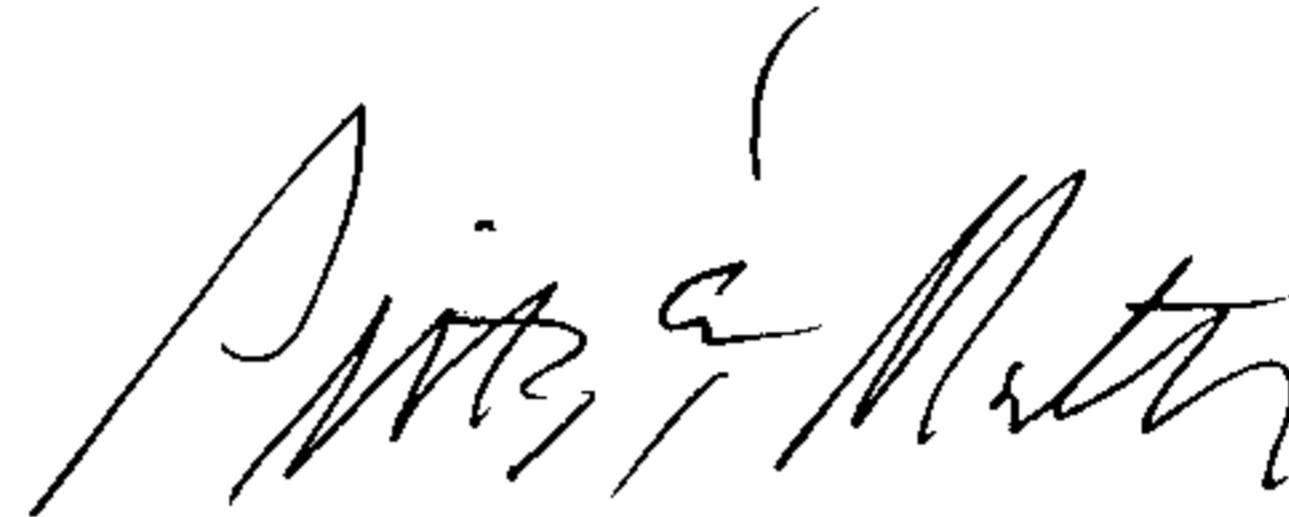
We have applied procedures to test the West St. Mary Parish Port, Harbor and Terminal District's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended December 31, 1995: political activity, Davis-Bacon Act, civil rights, allowable costs/cost principles, Drug Free Workplace Act, administrative requirements, and federal financial reports.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the West St. Mary Parish Port, Harbor and Terminal District's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the West St. Mary Parish Port, Harbor and Terminal District had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

A similar report issued by us dated April 11, 1995 for the year ended December 31, 1994 reported no instances of noncompliance.

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



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC
REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL
ASSISTANCE PROGRAM TRANSACTIONS

March 28, 1996

Board of Commissioners
West St. Mary Parish Port,
Harbor and Terminal District
Franklin, Louisiana

We have audited the general purpose financial statements of the West St. Mary Parish Port, Harbor and Terminal District as of and for the year ended December 31, 1995, and have issued our report thereon dated March 28, 1996.

In connection with our audit of the general purpose financial statements of the West St. Mary Parish Port, Harbor and Terminal District, and with our consideration of the District's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, Audits of State and Local Governments, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended December 31, 1995. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; matching, level of effort, and/or earmarking requirements; special reporting requirements; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the District's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the District had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

A similar report issued by us dated April 11, 1995 for the year ended December 31, 1994 reported no instances of noncompliance.

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

A handwritten signature in cursive script, appearing to read "Rita E. Mott".

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