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SOUTH LOUISIANA PORT COMMISSION

FINANCIAL REPORT

April 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.

Release Date NOV 05 1997

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David E. Moyle
Certified Public Accountant
1312 Lakewood Drive Suite C
Slidell, Louisiana 70458

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DAVID E. MOYLE
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INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
South Louisiana Port Commission
152 Belle Terre Boulevard
Post Office Box 909
LaPlace, Louisiana 70069-0909

We have audited the accompanying financial statements of the South Louisiana Port Commission as of and for the year ended April 30, 1997, as listed in the table of contents. These financial statements are the responsibility of the Port's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the South Louisiana Port Commission as of April 30, 1997, and the results of its operations and cash flow for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The schedule listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements of the South Louisiana Port Commission. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. Reports on internal control and compliance are attached to this report.

David E. Moyle

David E. Moyle

October 1, 1997

South Louisiana Port Commission

Enterprise Fund
Balance Sheet
April 30, 1997

Assets

Current Assets	
Cash	$ 2,503,912
Certificates of deposit and savings	3,096,137
Marketable securities, at cost, net of premium or discount, that approximates market value	3,700,232
Accrued interest receivable	55,814
Accounts Receivable less $134,544 allowance for doubtful accounts	1,432,907
Fire-fighting foam	10,659
Prepaid expenses	143,225
Total current assets	10,942,886
Restricted Assets	
Cash	213,396
Marketable securities, at cost that approximates market value, net of any discount	2,219,148
Accrued interest	20,164
Direct financing lease payments receivable, current portion	471,494
Accrued interest on direct financing leases	215,289
Total current restricted assets	3,139,491
Direct financing lease payments receivable, net of current portion, less unearned income of $216,640	88,228,360
Total restricted assets	91,367,851
Property and equipment, at cost	28,917,339
Less allowance for depreciation	4,039,023
Property and equipment, net	24,878,316
Other assets	665
Total assets	$ 127,189,718

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

South Louisiana Port Commission

Enterprise Fund
Balance Sheet
April 30, 1997

Liabilities and Fund Equity

Current liabilities, payable from current assets	
Accounts payable	$ 301,563
Accrued salaries and vacation	97,572
Accrued interest	26,625
Current portion of notes payable	360,000
Total current liabilities, payable from current assets	785,760
Current liabilities, payable from restricted assets	
Revenue bonds payable	1,400,000
Accrued revenue bond interest payable	1,664,972
Total current liabilities, payable from restricted assets	3,064,972
Long-term liabilities, payable from restricted assets	
Revenue bonds payable, less unamortized discount of $268,388	88,176,612
Total liabilities, payable from restricted assets	91,241,584
Long-term Liabilities, Other	
Revenue bonds payable-Globalplex, less unamortized discount of $27,627	2,322,373
Note payable - State of Louisiana less current portion	1,345,000
Unearned rent and other liabilities	588,855
Total long-term liabilities, other	4,256,228
Total liabilities	96,283,572
Capital and Retained Earnings	
Contributed capital	347,744
Grant from State of Louisiana and Department of Transportation and Development	13,702,017
Total contributed capital	14,049,761
Retained earnings	16,856,385
Total fund equity	30,906,146
Total liabilities and fund equity	$ 127,189,718

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

South Louisiana Port Commission

Enterprise Fund
Statement of Revenue, Expenses and Changes in Retained Earnings
For the Year Ended April 30, 1997
(continued)

Testing	26,184
Training	6,602
Uniforms	9,401
Utilities	163,839
Unemployment compensation	1,941
Total operating expenses	4,075,151
Operating income	1,275,775
Non-operating revenues (expenses)	
Interest earned on investments	472,370
Interest earned on restricted asset investment, net of fees	75,944
Interest earned on revenue bonds, other	
Interest earned on direct financing leases	8,016,258
Interest expense on industrial revenue bonds, payable from restricted assets	(8,330,140)
Loss on sale of assets	(81)
Miscellaneous income	95,102
Total non-operating revenue	329,453
Net Income	1,605,228
Retained earnings, beginning of year	15,251,157
Retained earnings, end of year	$ 16,856,385

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

South Louisiana Port Commission

Enterprise Fund
Statement of Cash Flow
For the Year Ended April 30, 1997

Cash Flows from Operating Activities	
Operating income	$ 1,275,775
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	889,978
Interest	329,453
Amortization of bond discount	38,341
Amortization of unearned interest	(30,949)
Loss on sale of equipment	81
Changes in assets and liabilities:	
Decrease in accounts receivable	24,331
Increase in prepaid expenses	5,464
Increase (decrease) in accounts payable	(53,754)
Increase (decrease) in accrued expenses	(7,744)
Increase in unearned rental income and other liabilities	431,142
Decrease in other assets	5,000
Net cash provided by operating activities	2,907,118
Cash flows from Investing Activities	
Purchase of property and equipment	(3,273,207)
Purchase of investment securities	(5,961,858)
Proceeds from maturities of investment securities	6,290,282
Net cash provided by investing activities	(2,944,783)
Cash flows from Financing Activities	
Proceeds and retirement of assets	(105,177)
(Increase) in accrued interest receivable	(6,886)
Decrease in restricted assets	3,203,138
(Decrease) in restricted debt	(3,293,639)
Increase in accrued interest payable	2,000
(Decrease) in notes payable	(345,000)
Grant from State of Louisiana and Department of Transportation and Development	1,384,804
Net cash (used in) financing activities	839,240
Increase (decrease) in cash	801,575
Unrestricted cash:	
Beginning	1,702,338
Ending	$ 2,503,913

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

South Louisiana Port Commission

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Governmental accounting principles and practices are promulgated and established by the Governmental Accounting Standards Board (GASB). The GASB has issued a *Codification of Governmental Accounting and Financial Reporting Standards*. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The Port applies accounting principles and practices established by GASB as well as generally accepted accounting principles established by the Financial Accounting Standards Board (FASB) to the extend such principles are not inconsistent with those established by GASB.

The South Louisiana Port Commission (the "Port") is created and operates under the provisions of Louisiana Revised Statute 34:2471. The Port consists of seven members appointed as follows:

(1) the parish presidents, with concurrence of two-thirds of the members of the respective parish councils, of each of the parishes of St. Charles, St. James, and St. John the Baptist appoint one resident commissioner each,

(2) three resident members (one from each parish) are appointed by the Governor of the State of Louisiana, and

(3) One member-at-large who shall reside and be domiciled within the geographical boundaries of the Port is appointed by the Governor.

The Port has all the powers and privileges granted under the constitution and statutes of the State of Louisiana which include, but are not limited to, the authority to incur debt, to issue bonds, to construct and maintain wharves and landings, and to charge fees for the use of the wharves and other facilities administered by it. Those charges are based on tariffs approved by the U.S. Maritime Commission. Accounts receivable relate primarily to tariff charges to shippers using the facilities of the Port. An executive director is appointed by the Port and is responsible for administrative control of the district.

Reporting Entity

For financial accounting purposes, GASB codification section 2100 establishes the criteria for defining the reporting entity. Following those criteria, the Port is not a component unit of the State of Louisiana because it is legally separate entity. The State does not appoint a voting majority of commission members, and it is not fiscally dependent on the State. Following those criteria the parish councils, *parish school boards, independently elected parish officials, and municipal level governments are not* included within the accompanying financial statements as they are considered autonomous governments. These units of government issue financial statements separate from that of the Port.

Basis of Presentation - Fund Accounting

The Port's accounting system is operated on a fund basis. A fund is an independent accounting entity with a self-balancing set of accounts for recording its assets, liabilities, revenues, expenditures, and fund balance. The Port's system is known as a proprietary or enterprise fund, operated similar to a private business. The costs, including depreciation and other non-cash expenses, of providing services on a continuing basis are expected to be recovered primarily through charges to the users of those services. The accrual basis of accounting is used. Under the accrual basis of accounting, income is recognized when earned and expenses are recorded when incurred. Investment earnings are accrued.

Assets, Liabilities and Fund Equity

Cash and Investments

The stated policy of the Port is to distribute its cash and investments among the various banks in the three parish region to minimize the possibility of losses and to boost the area economy. Cash and cash equivalents included in the Statement of Cash Flow include unrestricted demand deposits and other instruments that at the time of purchase have a maturity of less than 90 days. Restricted deposits are those that are held by the trustees for payment of the amounts due the bondholders pursuant to the revenue bonds described in Notes 5 and 6.

Allowance for Doubtful Accounts

Provision is made for bad debts through establishment of an allowance account. When an account is determined to be uncollectible it is charged against this account.

Property and Equipment

Property and equipment are recorded at cost, including ancillary charges. The Port's policy is to capitalize any expenditure in excess of $100 if the asset is expected to have an extended life. Assets which are held under lease-purchase contracts are also capitalized. Depreciation is calculated, using the straight-line method, over the anticipated useful lives of the assets. The estimated useful lives for determining annual depreciation charges to operations are:

Office Building	30 years
Fireboat	30 years
Dock and barge facilities	10-25 years
Equipment and furniture	2-10 years
Water treatment facility	15 years
Crew boat	5 years

Maintenance and repairs are charged to expenses when incurred.

Discount on Bonds

Discounts on bonds sold are amortized using the straight-line method over the term of the bonds.

Unearned Income

Unearned income pertaining to capitalized direct financing leases is written off over the term of the leases, using the interest method.

Vacation and Sick Leave

Employees of the Port are covered by state civil service and, as such, accumulate sick leave and vacation time in accordance with varying rates stipulated under civil service regulations. The employee is entitled, upon termination of employment, to vacation leave up to a maximum of 300 hours. Upon retirement any accumulation in excess of 300 hours is considered as earned service in calculating retirement benefits. Vacation pay to the employees would be entitled upon resignation or termination has been accrued in the amount of $67,014. The Port's liability for sick leave, amounting to $169,607 at year end, has not been accrued because the employees are not entitled to it upon termination of employment.

Post Employment Health Care and Life Insurance Benefits

The Port provides certain continuing health care and life insurance benefits for its retired employees. Employees become eligible for these benefits if they reach retirement age while working for the Port. These benefits for retirees and similar benefits for active employees were provided through the Group Insurance Internal Service fund, whose monthly premiums are paid by the employee and the Port. The Port recognizes the cost of the benefits (the Commission's portion of the premiums) as an expense when the premiums are due. The Port's portion of the cost of group insurance for the year was $165,777 of which $13,295 was for insurance on three retired employees.

Bond Obligations

The bond obligations designated as revenue bonds payable from restricted assets are industrial development bonds issued in connection with direct financing lease agreements to provide capital for construction of facilities within the three parish area. Principal and interest are payable solely from revenues derived from the lease, sale, or other disposition of the financed facilities. The leases and various other assets are pledged and held by trustees to secure payment of the bonds. The leases are for the term of the bonds and revenues from the leases correspond to payments due on the bonds.

Capital and Retained Earnings

The capital and retained earnings are represented by the amount of contributed capital and the accumulated earnings retained since the beginning of operations. The contributed capital includes a grant from the State used for the purpose of acquiring the Godchaux-Henderson dock and bulk storage facility located in Reserve, Louisiana.

NOTE 2 - CASH AND INVESTMENTS

Cash and cash equivalents

At April 30, 1997 the book balance of the Port's total cash and certificates of deposit balance including unrestricted and restricted deposits was $5,813,446, and the bank balance was $5,925,809. Of the bank balance, $400,000 was covered by federal deposit insurance, and $5,625,809 was covered by collateral held by the bank's agent and pledged in the Port's name.

GASB statement Number 3 requires the Port to assign risk categories for its investments. The collateral for the Port's deposits is categorized to give an indication of the level of risk assumed by the Port at year end. Category 1 includes deposits that are insured or reinsured or for which the securities are held by the Port or its agent in the Port's name. Category 2 includes uninsured and unregistered deposits for which the securities are held by the counterparty's trust department or agent in the Port's name. Category 3 includes uninsured and unregistered deposits for which the securities are held by the counterparty's trust department or agent, but not in the Port's name.

The deposits are all included in GASB risk category Number 1.

	Cash	Certificates of Deposit	Bank Balance	Collateral Market Value
Covered by federal depository insurance	$ 200,000	$ 200,000	$ 400,000	$ 400,000
Secured with securities held by the pledging institution or its agent but not in the Port's name	2,517,308	2,896,137	5,525,809	6,986,589
Total bank balance	$ 2,717,308	$ 3,096,137	$ 5,925,809	$7,386,589

Investments

The Port is allowed to invest in: (1) obligations of the United States or its agencies and instrumentalities; (2) other obligations, the principal of and interest on which are unconditionally guaranteed by the State of Louisiana or the United States; (3) certificates of deposits issued by state and national banks domiciled in Louisiana that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or secured by obligations mentioned above; (4) fully collateralized direct repurchase agreements having a definite termination date; (5) mutual funds which are invested solely in securities of the United States Government or its agencies.

For fiscal 1997, the Port invested in U.S. Treasury bills, notes , U.S. government agency obligations and mutual funds.

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

Investments are stated at amortized cost, and all investment activities are conducted through the depository banks or security dealers. Treasury notes are held by the Port's agents in the Port's name.

	Carrying Value	Market Value
U. S. government and agency securities	$ 3,700,232	$ 3,684,840
Restricted assets - U.S. government securities	2,219,148	2,219,148
	$ 5,919,380	$ 5,903,988

The investments are all included in GASB risk category Number 2.

NOTE 3 - RESTRICTED ASSETS

Independent trustees hold the restricted cash and investments. These, along with the direct financing lease receivables, are restricted in use by the bond indenture agreements primarily to the payment of bond principal and interest. The trustees are limited by the bond indentures to invest the funds in cash or government securities.

NOTE 4 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment, at cost:

Land	$ 5, 178,491
Buildings and dock facilities	1,566,044
Globalplex	15,194,759
Construction in progress	6,978,046
Total property and equipment, at cost	28,917,340
Less accumulated depreciation	(4,039,024)
Net book value	$ 24,878,316

Globalplex is property that the Port acquired in 1992 which was the former Godchaux-Henderson dock and bulk loading and storage facility located in Reserve, Louisiana. The facility includes a dock and loading and unloading facility, storage facilities, several buildings, a water treatment facility, and land. The Port continues to expand its facilities at Globalplex and other locations.

NOTE 5 - DIRECT FINANCING LEASE AGREEMENTS

The Port entered into direct financing lease agreements with various private corporations and issued industrial revenue bonds for the acquisition and construction of Port facilities. The various private corporations lease these facilities from the Port for an amount necessary to pay the principal, interest, and premium, if any, on the bonds. Most of the lease agreements contain a bargain purchase option at the end of the lease term. The direct financing leases expire in various years through 2021. Contingent rental payments are determined in accordance with the lease agreements upon the occurrence of certain events. Following is a summary of the components of the Port's net investment in direct financing leases for the year ended April 30, 1997.

Total minimum lease payments to be received	$ 89,845,000
Less: Unearned income and funds deposited with trustee	1,145,146
Net investment in direct financing leases	$ 88,699,854

Minimum rental payment commitments for succeeding years are as follows:

April 30, 1998	1,400,000
April 30, 1999	3,645,000
April 30, 2000	1,400,000
April 30, 2001	1,400,000
April 30, 2002	1,400,000
Aggregate thereafter	80,600,000
Total	$89,845,000

The amount of unearned income included in income for the year ended April 30, 1997 is $30,949.

NOTE 6 - BONDS PAYABLE (From Restricted Assets)

Bonds payable from restricted assets were issued in connection with direct financing lease agreements to provide capital for the construction of dock and wharf facilities within the jurisdiction of the Port. The bond interest and principal are payable solely from revenues derived from the lease, sale or other disposition of the project facilities. Direct financing leases and assets held in trust are pledged to secure payment of the bonds. The bonds are due to mature on various dates through 2021. Interest payable on the bonds ranges from 6.2% through 14.25% annually of the principal due with interest on one bond issue set at 72% of prime.

The following is a summary of bond maturities and interest requirements for each of the next five years relating to the revenue bonds secured with direct financing leases:

Payment due	Current bonds payable	Revenue Bonds (including interest)
April 30, 1998	$1,400,000	8,461,106
April 30, 1999		11,856,575
April 30, 2000		9,510,775
April 30, 2001		9,381,329
April 30, 2002		9,237,560
Aggregate thereafter		140,427,759
Total		188,875,104
Less interest		100,430,104
Less unamortized discount		268,388
Outstanding principal		$ 88,176,612

Changes in long-term debt during the year were as follows:

Bonds payable, May 1, 1996	$89,068,271
Decrease in bonds payable	930,000
Amortized discount	38,341
Bonds payable, April 30, 1997	$ 88,176,612

NOTE 7 - REVENUE BONDS PAYABLE (payable from sources other than direct financing leases)

On March 30, 1992, the Port acquired the former Godchaux-Henderson Sugar Refinery from Riverplex, Inc. for a total purchase price of $12,500,000. The Port issued taxable revenue bonds to the seller in the amount of $7,500,000. The bonds are not a general obligation of the Port and are payable as to both principal and interest solely from the income and revenue to be derived from the sale, lease, or other disposition of the Port facility acquired from the seller. The interest rate on the bonds is 5% and interest is payable quarterly on the first day of March, June, September and December of each year during which the bonds remain outstanding. Principal on the bonds was scheduled to be paid over a period of approximately 20 years.

The Port also received a grant from the State of Louisiana in 1992 for the purchase of the facilities referred to above. Of this amount, the Port is required to reimburse the State of Louisiana for $1,600,000 of the $4,000,000 grant. The Port is required to reimburse the state for the debt service incurred in connection with the issuance and payment of the state's general obligation bonds in the amount of $1,600,000. Pursuant to the reimbursement contract, the Port is required to deposit with the state one-tenth of the average annual debt service ($14,820 per year) on those particular bonds into a reserve fund for ten years. During the year ended April 30, 1994, the Port received another grant from the State of Louisiana for $4,000,000. The Commissioners voted to use the proceeds of that grant to retire $4,000,000 of the $7,500,000 revenue bond issue referred to in the preceding paragraph which was done in October 1994.

The following is a summary of bond maturities and interest requirements for each of the next five years relating to the long-term debt and revenue bonds payable from sources other than direct financing leases:

Payment due	Current bonds payable	Revenue Bonds (including interest)
April 30, 1998	360,000	222,217
April 30, 1999		582,829
April 30, 2000		582,367
April 30, 2001		580,829
April 30, 2002		1,653,113
Aggregate thereafter		1,018,104
Total		4,639,459
Less interest		(944,459)
Less unamortized discount		(27,627)
Outstanding principal		$ 3,667,373

Changes in long-term debt payable from sources other than direct financing leases during the year were as follows:

Bonds payable, May 1, 1996	$4,027,373
Increase in current bonds payable and principal reductions	(360,000)
Bonds payable, April 30, 1997	$3,667,373

Included in the balance sheet under the following captions:

Revenue bond payable - Globalplex	$ 2,322,373
Note payable - State of Louisiana	1,345,000
	$ 3,667,373

NOTE 8 - DOCKAGE

In accordance with bond indentures and lease agreements related to the direct financing leases, a percentage, usually 50% or 75% of dockage income received by the Port is transferred to trustees for servicing bonds payable. As provided in the lease agreements and indentures, the amount transferred is credited against direct financing lease payments and related interest receivable from the lessees. The net dockage represents dockage available for the operations of the Port. The amount of dockage used to reduce direct financing lease and interest receivable during the year was $3,730,803. It is reported by the Port as direct financing lease payments or interest payments, depending on the nature of the credit at the time of transfer. (See Notes 5 and 6)

NOTE 9 - HARBOR FEES

Harbor fees are dedicated to the providing of services to the vessels which use the Port and to the facilities located therein in the interest of the public welfare and safety. Such funds may be appropriated by the Port for such purposes as to assist in defraying the administration and maintenance of the Port, including the supervision of the shipping of the Port, with the view of preventing collision and fires, policing the river and riverfront, the operation of one or more craft in the Port to aid vessels or persons in distress and to aid in extinguishing fires in vessels and equipment and in their cargo aboard such vessels, or upon wharves and other facilities in the Port.

NOTE 10 - INTEREST EXPENSE

The total amount of interest charged to expense during the year, including bond discount of $38,341 was $8,555,214.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The Port is a party to several lawsuits filed by former employees alleging discrimination or job related injuries. It is the opinion of counsel that these suits will be resolved at no expense to the Port other than attorney fees.

No liability has been recorded for any litigation.

The Port has entered into commitments to assist with the purchase of sites for and the development of port facilities and has agreed to assist with financing of up to $77,000,000 of costs.

NOTE 12 - RETIREMENT COMMITMENTS

Louisiana State Employee's Retirement System if Louisiana (LASERS)

All of the Port's full-time general employees participate in the LASERS, a multiple-employer, cost-sharing pension plan. The payroll for employees covered by the LASERS for the year ended April 30, 1997, was $875,152.41 the Port's total payroll was $1,163,093.44.

Employees attaining the age of 60 with 10 years of creditable service or any age with 30 years of creditable service, are entitled to a monthly benefit of 2 ½% of their average monthly earnings as defined in the plan for each year of creditable service. The plan permits early retirements at certain ages upon satisfying years of service requirements. Active employees who become disabled receive 3% of their monthly earnings in effect at the time of disability, as defined in the plan for each year of creditable service.

Disability benefits are paid until the earlier of death, recovery from disability or attainment of normal retirement age. If an employee dies, his unmarried spouse and/or children receive a lump sum payment, not to exceed 60% of the member's final compensation.

The surviving unmarried spouse or a member eligible for normal retirement receives the initial lump sum followed by monthly payments for life.

If a member's employment is terminated before the member is eligible for any other benefits under LASERS, the member shall receive a refund of his member contributions.

Description of Funding Policy

Both employees and the Port contribute the amount necessary to pay benefits when due. The contribution rates (as a percentage of covered salaries) for the year was 12% for the Port and 7.5% for employees. Contributions were $107,986 for the Port.

The amount reported below as a "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to assist users' assessment of the plan's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among governmental pension plans and employers. The LASERS does not conduct separate measurements of assets and pension benefit obligations for individual employers. The pension benefit obligation at June 30, 1994(the most recent year for which data is available) for the LASERS as a whole, determined through an actuarial valuation performed as of that date, was $5.4 billion. The LASERS net assets available for benefits on that date(valued at cost) were $3.2 billion, resulting in an unfunded pension benefit obligation of $2.2 billion. The Port's contribution represented .05% of total contributions required of all participating employers.

NOTE 13 - OPERATING LEASES

The Port has various noncancellable operating leases for office equipment which are for varying terms and amount. The rental payments due under these leases are as follows for the years ending April 30,

1998	7,945
1999	7,945
2000	6,508
2001	-0-
Total	$ 22,398

South Louisiana Port Commission

Enterprise Fund
Schedule of Compensation Paid to Board Members
Year ended April 30, 1997

Commissioner	Meetings	Compensation
E. J. Martin	15	$471
Honora Gravois	15	640
James Davis	15	623
Leroy Labat	3	92
Henry Sullivan	2	61
Gregory Lier	14	651
Louis Joseph	9	337
Brent Tregre	7	241
Brandt Dufrene	14	0
		$ 3,089

The Commissioner's receive no per diem compensation for attending meetings, but are reimbursed for mileage and are given a meal allowance.

DAVID E. MOYLE
Certified Public Accountant
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE

The Board of Commissioners
South Louisiana Port Commission
152 Belle Terre Boulevard
P. O. Box 909
LaPlace, Louisiana 70069-0909

We have audited the financial statements of the South Louisiana Port Commission for the year ended April 30, 1997, and have issued our report thereon dated October 1, 1997.

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 financial statements are free of material misstatement..

The management of the South Louisiana Port Commission 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 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 financial statements of the South Louisiana Port Commission, as of and for the year ended April 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 where 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 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 specific internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the 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.

This report is intended solely for the information and use of the board, management, others within the organization and the Office of the Legislative Auditor, State of Louisiana. This restriction does not limit the distribution of this report, which is a matter of public record.

David E. Moyle

David E. Moyle

October 1, 1997

DAVID E. MOYLE
Certified Public Accountant
1312 Lakewood Drive Suite C
Slidell, Louisiana 70458

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF THE BASIC FINANCIAL STATEMENTS

The Board of Commissioners
South Louisiana Port Commission
152 Belle Terre Boulevard
P. O. Box 909
LaPlace, Louisiana 70069-0909

We have audited the financial statements of the South Louisiana Port Commission as of and for the year ended April 30, 1997, and have issued our report thereon dated October 8, 1997.

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 financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Port is the responsibility of Port's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Port's compliance with certain provisions of law, regulations, contracts, and grants. However, it should be noted that our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The result of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

This report is intended for the information of management, the Board, others within the organization and the Office of the Legislative Auditor, State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

David E. Moyle

October 8, 1997