



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

June 5, 1997

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, 1996, and have issued our report thereon dated June 5, 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. 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 the instances of noncompliance noted in the Items of Noncompliance section of this report. These items are required to be reported herein under Government Auditing Standards.



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

June 5, 1997

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, 1996, and have issued our report thereon dated June 5, 1997.

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-138, Auditing of State and Local Governments, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended December 31, 1996. As required by OMB Circular A-138, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or disallowed; matching; level of effort; and/or cost-sharing 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.

The results of our audit procedures did not disclose any immaterial instances of noncompliance with the requirements referred to above.

In our opinion, the West St. Mary Parish Port, Harbor and Terminal District complied, in all material respects, with the requirements governing types of services allowed or disallowed; matching, level of effort, and/or earmarking requirements; claims for advances and reimbursements; and amounts claimed or used for matching, that are applicable to its major Federal financial assistance program for the year ended April 30, 1984.

This report is intended solely for the use of management, Federal regulatory agencies, and the Legislative Auditor and should not be used for any other purposes. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



CERTIFIED PUBLIC ACCOUNTANTS



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC
REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

June 5, 1997

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, 1996, and have issued our report thereon dated June 5, 1997.

We have also audited the West St. Mary Parish Port, Harbor and Terminal District's compliance with the requirements governing types of services allowed or unallowed; matching; level of effort; and/or earmarking requirements; claims for advances and reimbursements; and awards claimed or used for matching that are applicable to its major Federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance for the year ended December 31, 1996. The management of the West St. Mary Port, Harbor and Terminal District is responsible for compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements 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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the West St. Mary Parish Port, Harbor and Terminal District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

PITES & MATTE

A corporation of
certified public accountants



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

June 5, 1997

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, 1996, and have issued our report thereon dated June 5, 1997.

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, 1996: 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.

NONCOMPLIANCE WITH SINKING FUND REQUIREMENTS

Condition: We noted during our testing of compliance with sinking fund requirements that a sinking fund for the Certificates of Indebtedness, Series 1996 had not been established by the Port.

Criteria: The debt covenant specifically states that a sinking fund be established for the Series 1996 certificates.

Cause: This condition was caused by the Port failing to follow the conditions in the bond covenant.

Effect: This condition results in noncompliance with the series 1996 debt covenant.

Recommendation: We recommend that the debt covenant be followed in all circumstances.

MANAGEMENT'S COMMENTS:

In order to eliminate this problem, we will contact our local bank regarding setting up a specific automatic debit money market account which would maintain the total amount due in payments for interest and principal for the year and the bank would debit the account as needed for payments.

NOTE 7 - 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 180 acres was donated a number of years ago and is valued at \$472,819. The channel was donated during 1984 and is valued at \$350,880.

NOTE 8 - CONTRIBUTED CAPITAL - OTHER GOVERNMENTS

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

Balance at December 31, 1980	\$ 4,479,357
Additions to contributed capital	
Federal EDA grant	388,078
Louisiana DOTD grant	781,207
Depreciation of fixed assets acquired with contributed capital	(213,128)
Balance at December 31, 1986	\$ 5,228,444

NOTE 9 - COMPENSATION OF COMMISSIONERS

The Commissioners of the district received no per diem, salaries, or wages for the year ended December 31, 1986.

NOTE 10 - 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 11 - COMMITMENT

Prior to December 31, 1986, 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 \$820,000. 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 \$378,000, and the District for approximately \$13,000. Approximately \$354,000 in engineering and construction costs have been incurred on these projects for the year ended December 31, 1986. Total costs incurred since inception of the project total approximately \$816,000.

2491



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 SYSTEMS, AND COMPLIANCE

For the Year Ended December 31, 1966

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 2/11/67 9:30 AM

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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, 1996, 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-130, 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, 1996, 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 June 5, 1997 on our consideration of the West St. Mary Parish Port, Harbor and Terminal District's internal control structure and a report dated June 5, 1997 on its compliance with laws and regulations.

June 5, 1997

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

BALANCE SHEET

December 31, 1970

ASSETS

Current assets

Cash and cash equivalents	\$ 157,287
Ad valorem taxes receivable	258,897
Revenue sharing receivable	21,119
Rental receivables	19,875
Other receivables	1,562
Prepaid expenses	3,308
Total current assets	<u>462,048</u>

Restricted assets

Certificate of indebtedness sinking fund	
Cash	18,140
Port Improvements - Public Intermodal Terminal Facility (Phase V) due from the Economic Development Administration	<u>62,308</u>
Total restricted assets	<u>80,448</u>

Property, plant and equipment (less

accumulated depreciation of \$1,878,728)	<u>3,087,384</u>
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52,349,834

LIABILITIES

Current liabilities	
Accounts payable	\$ 21,822
Accrued expenses	68,154
Contracts payable	50,923
Deferred revenue	1,833
Payroll & payroll taxes payable	3,486
Retainage payable	85,588
Total current liabilities	232,806
Payable from restricted assets	
Certificates of indebtedness	
Payable within one year	30,000
Accrued interest on certificates	8,834
Port Improvements - Public Intermodal Terminal Facility (Phase V)	
Contract payable	39,348
Due to grantor	13,804
Total payable from restricted assets	91,986
Long-term liabilities	
Certificates of indebtedness	
Certificates of indebtedness- 1986	185,000
Certificates of indebtedness- 1986	125,000
Total long-term liabilities	310,000
Total liabilities	542,892

FUND RESULTS

Contributed capital	
Individuals	822,819
Other governments	5,399,440
Other governments	6,222,259
Retained earnings	
Total fund equity	7,044,819
Total liabilities and equity	13,289,711

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

WEST ST. BART PARISH POST, HARBOR AND TERMINAL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
Year Ended December 31, 1998

Operating revenues:	
Rentals	\$ 42,475
Operating expenses:	
Advertising and promotion	40,816
Auto expense	18,361
Bad debts	4,516
Depreciation and amortization	249,751
Dues and subscriptions	5,483
Employee fringe	16,832
Insurance	35,317
Miscellaneous	329
Office supplies	5,323
Postage	1,400
Professional fees	36,243
Repairs and maintenance	24,971
Salaries	119,196
Payroll taxes	2,359
Telephone	13,621
Travel	43,554
Xerox and printing	1,022
Uniforms	1,026
Utilities, repairs and maintenance	13,863
Total operating expenses	628,954
Operating loss	(287,428)
Non-operating revenues and (expenses):	
Net Veterans taxes	335,289
Revenue sharing	31,879
Interest income	10,610
Interest expense	(10,420)
Flood grant	3,418
Parish grant	5,273
Total non-operating revenues & (expenses)	358,849
Net loss	(288,523)
Add: Depreciation on fixed assets acquired by grants externally restricted for capital acquisition and construction that reduces contributed capital	215,198
Net decrease in retained earnings	(73,325)
Retained earnings at beginning of year	232,218
Retained earnings at end of year	\$ 158,893

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

WEST ST. MARY PARISH PORT, MARINE AND TERMINAL DISTRICT

STATEMENT OF CASH FLOWS
 For The Year Ended December 31, 1984
 Increase (Decrease) in Cash and Cash Equivalents

Cash flows from operating activities:

Cash received from property rentals	\$ 34,157
Cash payments to employees for services	(118,730)
Cash payments to suppliers for goods and services	(248,379)
Net cash flows used in operating activities	(332,952)

Cash flows from noncapital financing activities:

Revenue sharing	33,459
Ad valorem taxes	319,720
Net cash flows from noncapital financing activities	353,179

Cash flows from capital and related financing activities:

Intergovernmental construction grants	1,109,812
Receipts from Certificates of Indebtedness	125,800
Fixed asset acquisitions	(3,183,062)
Principal payment on certificates of indebtedness	(15,000)
Interest payment on certificates of indebtedness	(7,992)
Parish grant	6,333
Net cash flows from capital and related financing activities	(205,109)

Net increase in cash and cash equivalents	48,877
Cash and cash equivalents beginning of year	126,750
Cash and cash equivalents end of year	\$ 175,627

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

Current assets	
Cash and cash equivalents	\$ 157,267
Restricted assets	
Certificates of indebtedness sinking fund	18,360
Cash	—
	\$ 175,627

Reconciliation of operating loss to net cash
used by operating activities:

Operating loss	2(597,478)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation and amortization	249,791
Bad debts	4,175
Change in assets and liabilities:	
Increase in rental receivable	1 8,318
Increase in due from director	1 2,881
Increase in accounts payable	7,881
Increase in accrued expenses	17,756
Increase in payroll taxes payable	<u>485</u>
Total adjustments	269,545
Net cash used by operating activities	<u>\$(327,933)</u>

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

WEST ST. MARY PARISH PORT, BRANCH AND TERMINAL DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 1994

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. 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.

K. Receivables

The District recognizes uncollectible amounts on the direct write-off method. Therefore no reserve for uncollectible amounts is recorded as December 31, 1996. The District believes that uncollectible amounts, 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 \$85,134 at the end of 1996, of which \$13,398 is related to 1996.

NOTE 3 - 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 \$178,427 and the bank balance was \$178,448, 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 3 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:

CATEGORY	BASIS	Estimated Useful Life
Available for lease:		
Land - Port site	\$ 388,345	
Improvements - Port	5,751,553	2-25 yrs
Buildings - Port	647,318	25 yrs
Construction-in-process	1,828,587	
	8,815,783	
Less: accumulated depreciation	(1,857,328)	
	<u>\$ 6,958,455</u>	
Other property, plant and equipment		
Land - Office site	34,000	
Office building	119,833	25 yrs
Furniture, fixtures and equipment	133,388	3-5 yrs
	287,221	
Less: accumulated depreciation	(1,313,288)	
	14,733	
	<u>\$ 2,672,984</u>	

Depreciation and amortization expense related to the use of fixed assets is approximately \$238,000 for 1996.

ITEMS OF NONCOMPLIANCE

NOTE 5 - LONG-TERM DEBT

The following is a detail of long-term debt at December 31, 1986:

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	\$195,000
Certificates of indebtedness payable to Patterson State Bank, bearing interest at a rate of 5.75% payable in semi-annual installments, with final payment due in February, 2000, payable from restricted assets	125,000
Total certificates of indebtedness	<u>\$320,000</u>

Aggregate future maturities of this debt are as follows:

For the Year Ended	Principal	Interest	Total
1987	\$ 30,000	\$10,832	\$ 40,832
1988	30,000	14,887	44,887
1989	30,000	19,362	49,362
2000	35,000	11,800	46,800
2001	35,000	9,718	44,718
2002-2005	160,000	12,332	172,332
	<u>\$620,000</u>	<u>\$68,831</u>	<u>\$688,831</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.

The District had not made one sinking fund payment totaling \$2,519 as of December 31, 1986; subsequent to year end this payment was made.

We considered these instances of noncompliance in forming our opinion on whether the West St. Mary Parish Port, Harbor and Terminal District's 1988 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated June 5, 1989, on those general purpose financial statements.

A similar report issued by us dated March 29, 1986 for the year ended December 31, 1985 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.



CERTIFIED PUBLIC ACCOUNTANTS

NOTE 11 - COMMITMENT (cont'd)

A third agreement was entered into by the District in 1996, which will provide for warehouse improvements. The total cost is estimated to be \$531,488. Funding consists of \$446,400 from DOTT and \$125,088 from the District through the issuance of \$125,088 in certificates of indebtedness. Approximately \$386,088 in engineering, administrative fees, and construction costs have been incurred on this project for the year ended December 31, 1996.

NOTE 12 - MANAGEMENT EVENT

Subsequent to year end, the Executive Director of the Port, resigned to take another position. The former Executive Director was chief operating officer of the Port since its inception. A new Executive Director was hired early in 1997.

NOTE 13 - RISK MANAGEMENT

The West St. Mary Parish Port, Harbor and Terminal District is exposed to various risks of loss related to torts, theft, or damage to assets, errors and omissions, injuries to employees and natural disasters. The West St. Mary Port has purchased commercial insurance to protect against loss from substantially all of these perils.

There were no significant reductions in insurance coverage from prior years.

FEDERAL FINANCIAL ASSISTANCE,
INTERNAL ACCOUNTING CONTROL, AND COMPLIANCE SECTION



A corporation of
various public accountants.

INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF
FEDERAL FINANCIAL ASSISTANCE

June 5, 1997

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, 1996, and have issued our report thereon dated June 5, 1997. 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. These 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.

Pitts & Matte

WEST ST. HAVEN PARKER FORT, BRIDGE
AND TERMINAL DISTRICT

Schedule of Federal Financial Assistance
For the Year Ended December 31, 1994

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE	CFDA #	REVENUES	EXPENSES
<u>United States Department of Commerce</u>			
Economic Development Administration			
*Economic Development - Grants for Public Works and Infrastructure Development	11.380	\$344,070	\$345,070
<u>Federal Emergency Management Agency</u>			
Passed through the Louisiana Department of Military Affairs - Office of Emergency Preparedness			
Disaster Assistance	01.510	3,818	3,818
Total Federal Financial Assistance		\$347,888	\$348,888

*Denotes major program

In planning and performing our audit of the general purpose financial statements of the Most St. Mary Parish Port, Harbor and Terminal District for the year ended December 31, 1996, 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 a 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.

A material weakness is a reportable condition in which the design or operation 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 we also considered to be material weaknesses as defined above. However, we believe the reportable condition described in the reportable condition section of this report is not a material weakness.

A similar report issued by us dated March 28, 1998 for the year ended December 31, 1995 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

REPORTABLE CONDITION

Documentation on Promotional Expenses

Condition: We noted, during our testing of disbursements, that certain promotional expenses were not always clearly documented as to the purpose of the expenditure.

Criteria: Documentation for promotional expenses should give enough detail to determine the purpose of the expense.

Effect: This condition has the effect of weakening controls over promotional expenses.

Recommendation: More complete documentation should be made for promotional expenditures.

Management's Comments:

A new policy was implemented prior to the completion of this audit which requires that all original receipts for promotional expenses indicate the place, purpose, and persons present.



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

June 5, 1997

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, 1996, and have issued our report thereon dated June 5, 1997.

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-133, Audits of State and Local Governments. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements.

In planning and performing our audit for the year ended December 31, 1996, 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-133. 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 June 5, 1997.

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, 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 law 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
- Revenues, receivables, and receipts
- Expenditures for goods, services, and accounts payable
- Property, equipment, and capital 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 terms and provisions

A similar report issued by us dated March 28, 1998 for the year ended December 31, 1998 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.

Pitts & Martin
CERTIFIED PUBLIC ACCOUNTANTS

A similar report issued by us dated MARCH 28, 1956 for the year ended December 31, 1955 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.



CERTIFIED PUBLIC ACCOUNTANTS

NOTE 5 - 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, 1988, 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:

December 31, 1987	\$ 54,800
1990	45,800
1999	35,800
2000	36,800
2001	30,800
2002-2019	180,800
	<u>\$288,800</u>

One of the lessees 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, 1985, 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, 1988, 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, 2008; however, the District has the option to renew the lease for an additional twenty-five year term.

Future minimum rental payments under this lease are as follows:

1987	\$ 350
1990	350
1999	350
2000	350
2001	350
2002-2006	1,750
Aggregate future minimum rental payments	<u>\$3,500</u>

Payments made under this lease totaled \$350 in 1986.