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MEMPHIS RIVER HARBOUR AND TERMINAL DISTRICT
FINANCIAL REPORT
DECEMBER 31, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Easton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: JUL 16 1997

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MEMPHIS RIVER HARBOUR AND TERMINAL DISTRICT
FINANCIAL REPORT

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BOUSSARIE, PIERRE, LEWIS & BREKIN

CHARTERED PUBLIC ACCOUNTANTS

300 East 30th St.
P.O. Drawer 287
Crowley, Louisiana
70027-0287
Phone: (504) 833-6600
Fax: (504) 833-7500

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Mermentau River Harbor and Terminal District
Mermentau, Louisiana

Other Offices:

Baltimore, MD

(301) 955-1500

Chattanooga, TN

(615) 261-5500

Atlanta, GA

(404) 880-1100

New Mexico, NM

(505) 844-1000

Charleston, VA

(803) 885-3000

Waco, TX

(817) 864-8000

James H. Brummett, CPA

Raymond S. Cooper, CPA

Edward S. Allen, CPA

Donald H. Kelly, CPA

Robert E. Jones, III, CPA

Frank J. Thomas, CPA

David S. Brummett, CPA

J. Charles Walker, CPA

Richard H. Price, CPA

William H. Smith, III, CPA

Stephen S. Landrum, CPA

Gregory M. Brummett, CPA

Robert J. Brummett, CPA

William B. White, CPA

David S. Brummett, CPA

William B. White, CPA

Robert J. Brummett, CPA

William B. White, CPA

Robert J. Brummett, CPA

William B. White, CPA

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Robert J. Brummett, CPA

William B. White, CPA

Robert J. Brummett, CPA

William B. White, CPA

Robert J. Brummett, CPA

William B. White, CPA

Robert J. Brummett, CPA

William B. White, CPA

We have audited the accompanying general purpose financial statements of Mermentau River Harbor and Terminal District as of December 31, 1996, and for the year then ended. 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 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. 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 Mermentau River Harbor and Terminal District as of December 31, 1996, and the results of operations 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 13, 1997 on our consideration of the District's internal control structure and a report dated June 13, 1997 on its compliance with laws and regulations.

Boussarie, Pierre, Lewis & Brekin

Crowley, Louisiana
June 13, 1997

REARPORT RIVER BARBOUR AND TERMINAL DISTRICT

BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 1998

ASSETS	Governmental Funds		
	General Fund	Debt Service Fund	Capital Projects Fund
Cash and cash equivalents	\$ 11,160	\$ 9,324	\$ 33,215
Investments, at cost	54,428	-	12,326
Receivables	50,155	-	34,393
Due from other fund	20,548	-	-
Land and improvements	-	-	-
Amount available in debt service fund	-	-	-
Amount to be provided for retirement of certificates of indebtedness	-	-	-
Total assets	\$136,291	\$ 9,324	\$120,449
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 1,908	\$ -	\$100,387
Due to other fund	-	-	20,500
Certificates of indebtedness	-	-	-
Total liabilities	\$ 1,908	\$ -	\$120,887
Fund equity:			
Investment in general fixed assets	\$ -	\$ -	\$ -
Fund balances:			
Reserved for debt service	\$ -	\$ 9,324	\$ -
Unreserved - unassigned	134,383	-	120,449
Total liabilities and fund equity	\$136,291	\$ 9,324	\$120,887

See Notes to Financial Statements.

<u>Account Groups</u>		
<u>General</u> <u>Fixed Assets</u>	<u>General</u> <u>Long-Term Debt</u>	<u>Total</u> <u>(Noncurrent Debt)</u>
\$ -	\$ -	\$ 49,600
-	-	67,154
-	-	20,878
-	-	20,500
688,481	-	688,481
-	5,224	5,224
<u>-</u>	<u>109,718</u>	<u>109,718</u>
<u>688,481</u>	<u>109,936</u>	<u>798,417</u>
\$ -	\$ -	\$ 185,250
-	-	20,500
<u>-</u>	<u>100,000</u>	<u>185,250</u>
<u>688,481</u>	<u>100,000</u>	<u>785,467</u>
\$ -	\$ -	\$ 5,224
-	-	134,153
<u>-</u>	<u>-</u>	<u>139,377</u>
<u>688,481</u>	<u>100,000</u>	<u>787,774</u>

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MERRIMACK RIVER HARBOR AND TERMINAL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
ALL OPERATIONAL FUND TYPES
Year Ended December 31, 1990

	General Fund	Debt Service Fund	Capital Projects Fund	Total (Excludes Only)
Revenues:				
Taxes:				
Ad Valorem	\$ 28,448	\$ -	\$ -	\$ 28,448
Intergovernmental:				
State revenue sharing	5,188	-	-	5,188
Grant income	-	-	453,471	453,471
Use of money and property:				
Interest	3,423	-	388	3,811
Leases	4,318	-	-	4,318
Tonnage fees	12,875	-	-	12,875
Total revenues	\$ 54,252	\$ -	\$ 453,859	\$ 518,111
Expenditures:				
Current:				
Public works:				
Uncollected taxes	\$ 503	\$ -	\$ -	\$ 503
Pension liabilities	998	-	-	998
Administrative cost	4,848	-	2,238	7,086
Capital outlays	-	-	495,527	495,527
Debt service:				
Bond principal	-	28,000	-	28,000
Bond interest	-	18,125	-	18,125
Total expenditures	\$ 5,349	\$ 46,125	\$ 495,527	\$ 547,001
Excess (deficiency) of revenues over expenditures	\$ 48,903	\$ (46,125)	\$ (41,668)	\$ (38,890)
Other financing sources (uses):				
Operating transfers out	\$(18,125)	\$ -	\$ -	\$(18,125)
Operating transfers in	-	18,125	-	18,125
	\$ (18,125)	\$ 18,125	\$ -	\$ -
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 30,778	\$ -	\$ (41,668)	\$ (10,890)
Fund balance, beginning	118,322	5,226	43,283	166,831
Fund balance, ending	\$ 149,100	\$ 5,226	\$ (18,385)	\$ 135,941

See Notes to Financial Statements.

REPRESENTING RIVER HARBOR AND TERMINAL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
ALL GOVERNMENTAL FUND TYPES - BUDGET (OMAP BASIS) AND ACTUAL
Year Ended December 31, 1995

	General Fund		Variance: Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Taxes:			
Ad Valorem	\$ 30,805	\$ 28,448	\$ (2,357)
Intergovernmental:			
State revenue sharing	4,500	5,385	885
Grant income	-	-	-
Use of money and interest:			
Interest	1,400	3,033	(163)
Loans	4,338	4,338	(38)
Storage fees	8,380	12,005	3,625
Total revenues	<u>\$ 49,423</u>	<u>\$ 53,209</u>	<u>\$ 3,786</u>
Expenditures:			
Current:			
Public works:			
Materials and supplies	\$ 2,000	0	\$ 2,000
Unallocated taxes	500	500	(1)
Pension deduction	1,000	984	16
Administrative cost	8,000	6,848	1,152
Capital outlays	1,500	-	1,500
Debt service:			
Debt principal	-	-	-
Debt interest	-	-	-
Total expenditures	<u>\$ 13,000</u>	<u>\$ 8,332</u>	<u>\$ 4,668</u>
Excess (deficiency) of revenues over expenditures (total amount)	<u>\$ 36,423</u>	<u>\$ 44,877</u>	<u>\$ 8,455</u>

Public Service Fund			Capital Projects Fund		
Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	653,421	653,421
-	-	-	400	300	(100)
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400</u>	<u>\$ 653,821</u>	<u>\$ 653,421</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	2,820	(2,820)
-	-	-	119,363	683,327	(563,964)
10,000	20,800	-	-	-	-
<u>10,725</u>	<u>20,720</u>	<u>\$ -</u>	<u>\$ 119,363</u>	<u>\$ 687,327</u>	<u>\$ 518,352</u>
<u>\$ 110,725</u>	<u>\$ 150,720</u>	<u>\$ -</u>	<u>\$ 119,363</u>	<u>\$ 163,850</u>	<u>\$ 25,857</u>

MISSISSIPPI RIVER BARRELS AND TONNAGE DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
ALL GOVERNMENTAL FUND TYPES - BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
Year Ended December 31, 1986

	General Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)
Excess (deficiency) of revenues over expenditures (Amounts Forwarded)	\$ 26,683	\$ 63,716	\$ 37,033
Other financing sources (uses):			
Operating transfers out	\$137,825	\$139,725	\$ 1,900
Operating transfers in	<u>212,825</u>	<u>219,725</u>	<u>\$ 6,900</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 4,464	\$ 34,899	\$ 30,435
Fund balance, beginning	118,321	118,321	-
Fund balance, ending	<u>\$122,785</u>	<u>\$153,220</u>	<u>\$ 30,435</u>

See Notes to Financial Statements.

<u>Local Service Fund</u>			<u>Capital Projects Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Disfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Disfavorable)</u>
\$ 439,725	\$ 439,725	\$ _____	\$118,763	\$ 61,944	\$ 56,819
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
<u>\$ 439,725</u>	<u>\$ 439,725</u>	<u>\$ 1,625</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
\$ (1,425)	\$ _____	\$ 1,625	\$118,763	\$ 61,944	\$ 56,819
<u>\$ 226</u>	<u>\$ 2,226</u>	<u>_____</u>	<u>\$2,226</u>	<u>\$2,226</u>	<u>_____</u>
<u>\$ 438,300</u>	<u>\$ 437,500</u>	<u>\$ 1,625</u>	<u>\$ 116,537</u>	<u>\$ 64,170</u>	<u>\$ 52,367</u>

MISSISSIPPI RIVER HARBOUR AND TERMINAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The Mississippi River Harbor and Terminal District was created as a political subdivision of the State of Louisiana under the provisions of Louisiana Revised Statutes 24:2021-2029. The Harbor and Terminal District is responsible for the regulation of commerce and traffic within the harbor and terminal area, which consists of Ward 3 of Acadia Parish. Project waterways include the Mermentau River, Bayou Fingassine Canal, and Bayou Champigne. The Board of Commissioners of the Harbor and Terminal District is comprised of seven members who are appointed by various governing authorities within the harbor and terminal area. The District has no employees.

Basis of presentation:

The accompanying financial statements of the Mississippi River Harbor and Terminal District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting entity:

GASB Codification Section 1100 established criteria for determining the governmental reporting entity. Because the District includes all funds, account groups, activities, or events, that are controlled by the District as an independent political subdivision of the State of Louisiana, the District is a separate governmental reporting entity. Because the District's board members are appointed by various governing authorities within the District and are solely responsible for designating management and for fiscal matters, which include (1) responsibility for funding deficits and operating deficiencies and (2) fiscal management for controlling the collection and disbursement of funds, and because of the scope of public services provided by the District, the District is considered an independent political subdivision. Certain units of local government over which the District exercises no oversight responsibility, such as the parish police jury, parish school board, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Harbor and Terminal District.

NOTES TO FINANCIAL STATEMENTS

Fund accounting:

The District uses three funds and two account groups to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid in financial management by aggregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities and are not reported in the funds because they do not directly affect net spendable available financial resources. The account groups are constructed only with the measurement of financial position and do not involve measurement of results of operations.

Governmental Funds

General fund:

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

Debt service fund:

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

1992 Certificate of Indebtedness:

This fund is used to accumulate monies for payment of \$218,000 (original principal) of certificates of indebtedness due in various installments at an interest rate of 4.58%. The proceeds of this issue are to be used toward the construction of a new port access road.

Capital projects fund:

The capital projects fund is used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

Port Access Road Fund:

This fund is used to account for the collection and disbursements of funds for the construction of a new port access road.

NOTES TO FINANCIAL STATEMENTS

FIXED ASSETS

Fixed assets are accounted for in the general fixed assets account group, rather than in the individual funds. Public domain or infrastructures are not capitalized. All fixed assets are valued at historical cost. No depreciation has been provided on fixed assets.

long-term obligations are accounted for in the general long-term debt account group, not in the individual funds. The two account groups are net funds.

Basis of accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of a fund present increases and decreases in net current assets. The funds are reported on the modified accrual basis of accounting using the following practices in recording revenues and expenditures:

Revenues:

Ad valorem taxes and the related state revenue sharing (which is based on population and households in the parish) are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

All other revenues are recorded when they become measurable and available to the District.

Expenditures:

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

NOTES TO FINANCIAL STATEMENTS

Budgets:

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Secretary-Treasurer submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Due to the fact that expenditures do not exceed \$250,000, it is not necessary to have a public hearing.
3. The budget is then legally enacted through passage of an ordinance.
4. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

All budget appropriations lapse at year-end. Actual expenditures may not legally exceed budgeted appropriations by more than five percent at the individual fund level.

The budget for the capital projects fund for the year ended December 31, 1994 was not exceeded when actual expenditures exceeded budget.

Total column on the financial statements:

The total column on the financial statements is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 3. Levied Taxes

Property taxes are levied each November 15 on the assessed value as of the prior January 1 for all real estate, merchandise, and movable property located in the parish. Assessed values are established by the Acadia Parish assessor and the Louisiana Tax Commission at a percent of actual value, as specified by Louisiana law. An assessment of all property is required to be completed in less than every four years.

The District authorized and levied a general maintenance tax of 3.94 mills for the year ended December 31, 1994.

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash, Cash Equivalents, and Investments

For reporting purposes, cash and cash equivalents include cash and certificates of deposit with an original maturity within 90 days from the acquisition date. The District may invest in United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks having their principal office in the State of Louisiana, or any other Federally insured investment. The District may also invest in shares of any bond-fund and holding and loan association in any amount not exceeding the federally insured amount. The deposits at December 31, 1996 were secured as follows:

	Bank Balance	FDIC Insurance	Balance Insured
Checking accounts	\$ 64,808	\$ 64,808	\$ -
Certificates of deposit	<u>27,598</u>	<u>27,598</u>	<u> </u>
	<u>\$92,406</u>	<u>\$92,406</u>	<u>\$ </u>

Note 4. Receivables

The following is a summary of receivables at December 31, 1996:

Class of Receivable	General Fund
ad valorem taxes	\$ 27,019
State revenue sharing	5,188
Loans and savings fees	<u>17,889</u>
Total	<u>\$ 50,135</u>

Note 5. Changes in General Fixed Assets

	January 1, 1996	Additions	Deletions	December 31, 1996
Land	\$339,890	\$ -	\$ -	\$339,890
Land Improvements	<u>158,543</u>	<u> </u>	<u> </u>	<u>358,543</u>
	<u>\$498,433</u>	<u>\$ </u>	<u>\$ </u>	<u>\$698,433</u>

NOTES TO FINANCIAL STATEMENTS

Note 6. Leases

The Harbor and Terminal District has no capital or operating leases as December 31, 1994; however, as lessee, the District has leased the following parcels of land:

- A. Lease for 13.97 acres of land to Park Aggregates, Incorporated, with a lease expiration date of August 31, 2002. The lease includes graduated payments ranging from \$256 to \$336 each month.
- B. Lease for 13,563 acres of land on Broward Blue Hill, with a lease expiration date of January 31, 2003. The lease payments are \$1,583 each year with one-half payable on February 15th of each year and one-half payable on August 15th of each year.

Note 7. Long-Term Debt

On November 13, 1990, the District sold \$228,000 of certificates of indebtedness with an interest rate of 8.500%. The certificates require annual payments of \$28,125 to \$30,875, through November 1, 2002. The annual requirements to amortize the debt as of December 31, 1994 including interest payments of \$39,108 are as follows:

Year Ending December 31	
1997	\$ 28,475
1998	28,575
1999	31,825
2000	30,800
2001	30,575
2002	<u>31,830</u>
	<u>\$182,320</u>

Changes in general long-term debt during 1994 are as follows:

Balance at December 31, 1993	\$385,800
Less: Principal reductions	<u>20,800</u>
Balance at December 31, 1994	<u>\$365,000</u>

NOTES TO FINANCIAL STATEMENTS

Note 8. Fee Given to Board of Commissioners

The board members do not receive any compensation for attendance at meetings. The board members at December 31, 1996 include:

Kevin Volney	William Morris, Jr.
Richard Chaisson	Ernest "Sonney" Gusterson
Robert Dale Thibodeaux	Jo Ann Primmson
Stephen Brownard	

Note 9. Due From/To Other Funds

Individual fund balances due from/to other funds at December 31, 1996 are as follow:

	Due From Other Funds	Due To Other Funds
General fund	\$ 20,518	\$ -
Capital projects fund:		
Part access road fund		20,530
	<u>\$ 20,518</u>	<u>\$ 20,530</u>

Note 10. Part Access Road

The District has incurred \$871,578 in planning, acquisition and constructing costs to construct a part access road. The \$220,000 proceeds of the bonds sold on November 12, 1993 were used to cover these costs. The District is also receiving grant funds to help defray the costs of construction.



HOUSHAFF, POIRIER, LEWIS & BREAKEY
CERTIFIED PUBLIC ACCOUNTANTS

221 East 26th St.
P.O. Drawer 207
Crescent, Louisiana
70027-0207

Phone: (504) 885-2000
Fax: (504) 885-2000

Order Offices:

Lafayette, LA
(337) 483-2222

Shreveport, LA
(318) 431-2222

Marrero, LA
(504) 835-1111

New Orleans, LA
(504) 784-2222

Slack Point, LA
(504) 844-2222

Thibodaux, LA
(337) 342-2222

James K. Brown, III, CPA
Richard S. Brown, CPA
Thomas R. Adams, CPA
Thomas R. Adams, CPA
Thomas R. Adams, CPA
David L. Hayes, CPA
James B. Howard, CPA
R. Charles Miller, CPA
Norman B. Poirier, CPA
William H. Lewis, III, CPA
Stephen J. Breakey, CPA
Joseph J. Williams, CPA
Drew W. Breakey, CPA
Robert D. Adams, CPA
James K. Hayes, III, CPA
Thomas R. Adams, CPA
Joseph B. Adams, CPA
D. Louis Adams, CPA

Staff Offices:

James L. Howard, CP, FRM
Drew W. Poirier, CPA, FRM
James B. Brown, CPA, FRM
Thomas R. Adams, CPA, FRM
Joseph A. Lewis, CPA, FRM

Christopher J. Williams, CPA, FRM

Richard S. Brown, CPA, FRM

Members of the American Institute of
Certified Public Accountants
Firms of Houshall, Poirier, Lewis &
Breakey & Associates

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

**Board of Commissioners
Mermentau River Harbor and Terminal District
Mermentau, Louisiana**

We have audited the general purpose financial statements of the Mermentau River Harbor and Terminal District as of and for the year ended December 31, 1996, and have issued our report thereon dated June 15, 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 general purpose financial statements are free of material misstatement.

The management of Mermentau River Harbor and Terminal District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, accountants 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.

Board of Commissioners
Harriman River Harbor and Terminal District

In planning and performing our audit of the general purpose financial statements of Harriman River Harbor and Terminal District for the year ended December 31, 1998, 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 one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in accounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following reportable condition involving the internal control structure that we believe to be a material weakness as defined above. This condition was considered in determining the nature, timing and extent of the procedures to be performed in our audit of the District's financial statements.

Internal Administration

Posting: The District has hired an outside bookkeeping service to perform all aspects of the financial accounting cycle, including receipts, disbursements, bank reconciliations, and monthly reporting to the Board. Therefore, segregation of duties does not exist within the accounting cycle.

Cause: Due to having no employees and the lack of resources, the District is unable to implement a segregated system of internal control.

Recommendation and response: The Board is aware of this problem and we are in agreement with them that it would not be cost beneficial or possible to create a segregated accounting environment with the limited resources available.

Board of Commissioners
Memphis River Harbor and Terminal District

This report is intended for the information of management and the Legislative Auditor. This restriction is not intended to limit the distribution of this report which is a matter of public record.

Blount, Paul, Louis & Beane

Covington, Louisiana
June 13, 1993

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HENRICHSHARDT, PETERSEN, LEWIS & HERRICK
CERTIFIED PUBLIC ACCOUNTANTS

300 West 10th St.
P.O. Drawer 800
Newark, Louisiana
70116
Phone (504) 281-6600
Fax (504) 281-6600

Other Offices:

Lafayette, LA
(504) 485-1000

Shreveport, LA
(504) 942-0207

Monroe, LA
(504) 388-1400

New Orleans, LA
(504) 581-1000

Thibodaux, LA
(504) 884-0200

Terrebonne, LA
(504) 722-0200

James A. Rosenwald, CPA
Lawrence J. Adams, CPA
James C. Smith, CPA
Edward R. Kelly, CPA
Richard Thomas R. Pitt
Frank A. Thomas, CPA
David A. Weaver, CPA
J. Charles Weber, CPA
Robert W. Hays, CPA
William M. Hester, CPA
Stephen L. Lamberson, CPA
Craig J. Mathews, CPA
David J. McCallister, CPA
Michael Griffin, CPA
Scott J. Hays, CPA
Scott J. Lamb, CPA
Joseph R. Miller, CPA
J. Brentwood, CPA

Paul G. Smith, CPA

Other Staff:

John A. Rosenwald, CPA, FRM
Frank DeLoe, CPA, FRM
David B. Brown, CPA, FRM
Cynthia Rubin, CPA, FRM
Suzanne Davis, CPA, FRM
Kathleen J. Binkley, CPA, FRM
Madeline J. Smith, CPA, FRM

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

**Board of Commissioners
Mermentau River Harbor and Terminal District
Mermentau, Louisiana**

We have audited the general purpose financial statements of Mermentau River Harbor and Terminal District, as of and for the year ended December 31, 1996, and have issued our report thereon dated June 13, 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 the Mermentau River Harbor and Terminal District is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Board of Commissioners
Brennan, River Parishes and Termini District

The results of our tests of noncompliance disclosed the following material instance of noncompliance that is required to be reported herein under Statutory Auditing Standards.

Budget

Finding: The District did not amend the capital projects fund budget when actual expenditures exceeded budget.

Suggestion: We recommend that the District utilize the budget more by amending budgets when necessary.

Response: The District will obtain better budgetary control over expenditures in the future by amending the budget when actual expenditures exceed budget.

We considered this material instance of noncompliance in forming our opinion on whether the 1996 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 13, 1997 on these general purpose financial statements.

This report is intended for the information of management and the Legislative Auditor. This restriction is not intended to limit the distribution of this report which is a matter of public record.

Blaisdell, Paul, Louis & Beatty

Crowley, Louisiana
June 13, 1997