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

**ST. MARY PARISH, LOUISIANA**

**ANNUAL FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT**

and

**INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL AND  
COMPLIANCE**

For the Year Ended December 31, 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 Jun 24 1998

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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, 1997, 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. 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, 1997, 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 May 29, 1998 on our consideration of the West St. Mary Parish Port, Harbor and Terminal District's internal accounting control and compliance.

May 29, 1998

WEST ST. MARY PARISH PORT, HARBOR, AND TERMINAL DISTRICT  
BALANCE SHEET  
December 31, 1997

ASSETS

Current assets

Cash and cash equivalents	\$171,368
Ad valorem taxes receivable	201,101
Revenue sharing receivable	21,682
Rental receivables	4,500
Prepaid expenses	3,289

Total current assets 481,950

Restricted assets

Certificates of indebtedness sinking fund	
Cash	23,188

Total restricted assets 23,188

Property, plant and equipment (less accumulated depreciation  
of \$1,977,106)

6,783,782

\$7,238,858

## LIABILITIES

Current liabilities	
Accounts payable	\$10,738
Accrued expenses	5,639
Deferred revenue	1,033
Payroll and payroll taxes payable	3,408
Due to grantor	<u>38,738</u>
Total current liabilities	<u>\$59,548</u>
Payable from restricted assets	
Certificates of indebtedness	
Payable within one year	30,000
Accrued interest on certificates	<u>6,200</u>
Total payable from restricted assets	<u>\$36,200</u>
Long-term liabilities	
Certificates of indebtedness	155,000
Certificates of indebtedness - 1996	<u>105,000</u>
Total long-term liabilities	<u>\$260,000</u>
Total liabilities	<u>\$655,748</u>
<b>FUND EQUITY</b>	
Contributed capital	
Individuals	823,819
Other governments	<u>6,844,527</u>
	6,867,346
Retained earnings	<u>805,784</u>
Total fund equity	<u>6,873,130</u>
Total liabilities and equity	<u>\$7,220,858</u>

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

**WEST ST. MARY PARISH PORT, HARBOR, AND TERMINAL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS**  
**Year Ended December 31, 1997**

Operating revenues:	
Rentals	\$21,461
	<hr/>
Operating expenses:	
Advertising and promotion	26,227
Auto expense	8,813
Depreciation and amortization	308,377
Dues and subscriptions	4,338
Employee fringe	13,266
Insurance	28,973
Miscellaneous	162
Office supplies	4,848
Postage	523
Professional fees	38,081
Repairs and maintenance	34,249
Salaries	91,982
Payroll taxes	18,024
Telephone	8,230
Travel	18,417
Xerox and printing	1,088
Uniforms	380
Utilities, repairs, and maintenance	5,074
Total operating expenses	608,023
	<hr/>
Operating loss	(586,562)
	<hr/>
Non-operating revenue and (expense):	
Ad valuation taxes	318,965
Revenue sharing	33,178
Interest income	8,680
Interest expense	(15,279)
	<hr/>
Total non-operating revenues and (expense)	345,544
	<hr/>
Net loss	(240,948)
	<hr/>
Add: Depreciation on fixed assets acquired by grants externally restricted for capital acquisition and construction that reduces contributed capital	244,524
Net increase in retained earnings	78,688
Retained earnings at beginning of year	726,876
	<hr/>
Retained earnings at end of year	\$805,764
	<hr/>

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

**WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 1997**  
**Increase (Decrease) in Cash and Cash Equivalents**

Cash flows from operating activities:	
Cash received from property rentals	\$106,898
Cash payments to employees for services	(154,437)
Cash payments to suppliers for goods and services	(213,201)
Net cash flows used in operating activities	(260,740)
Cash flows from noncapital financial activities:	
Revenue sharing	32,612
Ad valorem taxes	297,681
Interest received	6,665
Net cash flows from noncapital financing activities	336,958
Cash flows from capital and related financing activities:	
Intergovernmental construction grants	99,617
Fixed asset acquisitions	(108,833)
Principal payment on certificates of indebtedness	(30,000)
Interest payment on certificates of indebtedness	(16,612)
Net cash flows used by capital and related financing activities	(55,828)
Net increase in cash and cash equivalents	19,127
Cash and Cash equivalents beginning of year	175,427
Cash and cash equivalents end of year	\$194,554
Cash and cash equivalents at end of year consists of:	
Current assets:	
Cash and cash equivalents	\$171,369
Restricted assets:	
Certificates of indebtedness sinking fund	
Cash	23,185
	\$194,554

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

Operating loss	(\$508,462)
<hr/>	
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation and amortization	308,377
Change in assets and liabilities:	
Decrease in rental receivable	15,375
Decrease in accounts payable	(18,787)
Decrease in accrued expenses	(62,515)
Total adjustments	<hr/> 248,450
Net cash used by operating activities	<hr/> <hr/> (\$261,012)

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



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

### NOTES TO FINANCIAL STATEMENTS

December 31, 1997

#### 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.

E. Receivables

The District recognizes uncollectible amounts on the direct write-off method. Therefore no reserve for uncollectible accounts is recorded at December 31, 1997. The District believes that uncollectible accounts, if any, are immaterial.

F. Fixed Assets

All purchased fixed assets are valued at historical acquisition costs. Donated fixed assets are valued at their estimated fair market value on the date of donation. See Notes 7 and 8 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 up to a specified maximum amount, but, employees are not compensated for sick time.

The liability related to this accumulated vacation time totaled \$5,535 at the end of 1997, of which \$4,710 is related to 1997.

### NOTE 2 - CASH AND CASH EQUIVALENTS

The District may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may also invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging bank in a custodial bank that is mutually acceptable to the parties involved.

Under the provision of the GASB codification, accounts secured by pledged securities, which are not in the name of the governmental unit, are considered uncollateralized.

The following is a summary of the cash and cash equivalents and the related federal deposit insurance and related pledged securities as of December 31, 1997:

Cash and cash equivalents - stated value	<u>\$184,054</u>
Cash and cash equivalents - bank balance	<u>189,250</u>
Portion insured by federal deposit insurance	<u>189,058</u>
Collateralized by securities in the District's name and held by the District or third parties	<u>NONE</u>
Balance uninsured and uncollateralized under GASB codification	<u>18,391</u>
Portion of deposits secured under law	<u>18,391</u>
Amount unsecured under Louisiana law	<u>NONE</u>

### NOTE 3 - PROPERTY TAX

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

**NOTE 4 - PROPERTY, PLANT AND EQUIPMENT**

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

Category	Basis	Estimated Useful Life
Available for lease:		
Land - Port site	\$686,346	
Improvements - Port	6,624,556	3-25 years
Buildings - Port	1,189,089	25 years
	<u>8,499,991</u>	
Less: accumulated depreciation	<u>(1,747,281)</u>	
	<u>6,752,710</u>	
Other property, plant, and equipment		
Land - Office site	34,078	
Office building	119,933	25 years
Furniture, fixtures, and equipment	<u>136,826</u>	3 - 8 years
	<u>290,837</u>	
Less: accumulated depreciation	<u>(122,824)</u>	
	<u>168,013</u>	
	<u>\$6,920,723</u>	

Depreciation and amortization expense related to the use of fixed assets is approximately \$396,000 for 1997.

**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, 1997, the District had three parcels of property leased to businesses located at the port site.

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

December 31, 1998	\$43,400
1999	42,000
2000	42,000
2001	42,000
2002	42,000
2003 - 2019	<u>309,000</u>
	<u>\$1,140,400</u>

NOTE 5 - LEASES (continued)

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

In December, 1981, the District entered an agreement to lease from the State of Louisiana a strip of land which runs through the port site. The lease calls for an annual payment of \$350 and expires in December, 2003; 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:

1998	\$350
1999	350
2000	350
2001	350
2002	350
2003-2008	<u>1,400</u>
Aggregate future minimum rentals payments	<u>\$3,150</u>

Payments made under this lease totaled \$350 in 1997.

NOTE 6 - LONG-TERM DEBT

The following is a detail of long-term debt at December 31, 1997:

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	\$175,000
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, 2006, payable from restricted assets	<u>115,000</u>
Total certificates of indebtedness	<u>\$290,000</u>

**NOTE 6 - LONG-TERM DEBT** (continued)

Aggregate future maturities of this debt are as follows:

<u>For the Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1998	\$30,000	\$14,987	\$44,987
1999	30,000	13,362	43,362
2000	35,000	11,808	46,808
2001	35,000	9,718	44,718
2002	40,000	7,688	47,688
2003-2005	120,000	10,669	130,669
	<u>\$290,000</u>	<u>\$67,412</u>	<u>\$357,412</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.

**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 100 acres was donated a number of years ago and is valued at \$472,519. The channel was donated during 1994 and is valued at \$250,000.

**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, 1995	\$ 5,360,444
Additions to contributed capital Louisiana DOTD grant	68,617
Depreciation of fixed assets acquired with contributed capital	(1,244,536)
Balance at December 31, 1997	\$ 5,244,527

**NOTE 9 - COMPENSATION OF COMMISSIONERS**

The Commissioners of the district received no per diem, salaries, or wages for the year ended December 31, 1997.

**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 - 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 coverages from prior years.



**REPORT ON INTERNAL ACCOUNTING CONTROL AND COMPLIANCE**



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**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, 1997, and have issued our report thereon dated May 29, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether West St. Mary Parish Port, Harbor and Terminal District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered West St. Mary Parish Port, Harbor and Terminal District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing

their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to material weaknesses.

Similar reports issued by us dated June 5, 1997 for the year ended December 31, 1996 reported one reportable condition and two items of noncompliance, all of which have been corrected during the current year.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



CERTIFIED PUBLIC ACCOUNTANTS

May 29, 1998

**Summary of Prior Year Findings and Related Corrective Action Prepared by West  
St. Mary Parish Port, Harbor, and Terminal District's Management**

**Documentation on Promotional Expenses**

**Condition:** Our auditors noted, during their testing of disbursements, that certain promotional expenses were not always clearly documented as to the purpose of the expenditure.

**Corrective Action:** A policy was implemented in 1997 requiring all original receipts for promotional expenses indicating place, purpose and persons present.

**Noncompliance with Sinking Fund Requirements**

**Condition:** Our auditors noted during their testing of compliance with sinking fund requirements that a sinking fund for the Certificate of Indebtedness, Series 1996 had not been established.

**Corrective Action:** In 1997 a sinking fund account was established for the Series 1996 Certificate of Indebtedness.

**Noncompliance with Debt Amortization Schedules**

**Condition:** Our auditors noted during their testing of compliance with debt service requirements that we failed to make a timely payment on three separate instances.

**Corrective Action:** In 1997 an automatic debit account was set up for annual deposits to be made at the beginning of the year when funds are readily available. The account is automatically debited by the bank for interest and principal on due dates.