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WEST ST. MARY PARISH PORT, HARBOR  
AND TERMINAL DISTRICT  
St. Mary Parish, Louisiana

FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT

Year Ended December 31, 2003

Under provisions of state law this report is a public document. A copy of the report has been submitted to the 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 8/25/04

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

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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 financial statements of the business-type activities of the West St. Mary Parish Port, Harbor and Terminal District, as of and for the year ended December 31, 2003, which comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the West St. Mary Parish Port, Harbor and Terminal District as of December 31, 2003, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

For the year ended December 31, 2003, the District has implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. GASB Statement No. 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and fund financial statements which presents information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements. The District has also implemented GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus No. 38, Certain Financial Statement Note Disclosures*.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 18, 2004 on our consideration of the West St. Mary Parish Port, Harbor and Terminal District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The District has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West St. Mary Parish Port, Harbor and Terminal District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Guidry, Chauvin & Taylor, CPA's*  
Certified Public Accountants

Franklin, Louisiana  
June 18, 2004

**BASIC FINANCIAL STATEMENTS**

WEST ST. MARY PARISH PORT, HARBOR, AND TERMINAL DISTRICT  
**STATEMENT OF NET ASSETS**  
December 31, 2003

**ASSETS**

**Current Assets:**

Cash and equivalents	\$	260,286
Investments		829,951
<b>Receivables:</b>		
Ad valorem taxes		406,140
State revenue sharing		18,629
Due from US Government		114,952
Due from State of Louisiana		146,525
Other		25,215
Prepaid insurance		<u>6,142</u>
<b>Total current assets</b>		<u><b>1,807,840</b></u>

**Restricted Assets:**

Cash and equivalents		<u>1,120</u>
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**Fixed assets:**

Property, plant and equipment		13,887,006
Less accumulated depreciation		<u>(3,817,057)</u>
<b>Net property, plant and equipment</b>		<u><b>10,069,949</b></u>

Total assets		<u><b>11,878,909</b></u>
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WEST ST. MARY PARISH PORT, HARBOR, AND TERMINAL DISTRICT  
 STATEMENT OF NET ASSETS (Continued)  
 December 31, 2003

LIABILITIES

Current Liabilities (payable from current assets):	
Accounts payable	\$ 323,042
Retainage payable	114,131
Accrued expenses	20,782
Deferred revenues	<u>5,500</u>
Total current liabilities (payable from current assets)	<u>463,455</u>
Current Liabilities (payable from restricted assets):	
Current portion of certificates of indebtedness	15,000
Accrued interest payable	<u>1,080</u>
Total current liabilities (payable from restricted assets)	<u>16,080</u>
Noncurrent Liabilities:	
Certificates of indebtedness - 1996, net of current portion	<u>30,000</u>
Total liabilities	<u>509,535</u>
Net Assets:	
Invested in capital assets, net of related debt	9,610,821
Restricted for payment of certificates of indebtedness	1,120
Unrestricted	<u>1,757,433</u>
Total net assets	<u>\$ 11,369,374</u>

The accompanying notes are an integral part of these statements.

**WEST ST. MARY PARISH PORT, HARBOR, AND TERMINAL DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
Year Ended December 31, 2003

<b>Operating revenues:</b>	
Rentals	\$ 250,835
Intergovernmental - FEMA operating grant	138,000
Other	<u>3,865</u>
Total operating revenues	<u>392,700</u>
<b>Operating expenses:</b>	
Advertising and promotion	9,910
Auto expense	12,010
Depreciation	336,656
Dues and subscriptions	4,583
Employee retirement	11,732
Insurance	79,188
Miscellaneous	96
Office supplies	6,402
Postage	880
Professional fees	19,381
Repairs and maintenance	143,450
Salaries	119,933
Payroll taxes	7,991
Telephone	4,830
Travel	29,922
Utilities	<u>7,294</u>
Total operating expenses	<u>794,258</u>
Operating loss	<u>(401,558)</u>
<b>Non-operating revenues (expenses)</b>	
Ad valorem taxes	407,996
State revenue sharing	27,944
Interest income	9,330
Interest expense	(2,703)
Intergovernmental agreement	<u>-</u>
Total non-operating revenues (expenses)	<u>442,567</u>
Net income before contributions	<u>41,009</u>
<b>Capital contributions:</b>	
US Government	836,094
State of Louisiana	<u>471,983</u>
	<u>1,308,077</u>
Change in net assets	1,349,086
Total net assets, beginning of year	<u>10,020,288</u>
Total net assets, end of year	<u>\$ 11,369,374</u>

The accompanying notes are an integral part of these statements.



**WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2003**

<b>Cash Flows from Operating Activities</b>	
Receipts from customers and users	\$ 320,637
Receipts from operating grants from other governments	138,000
Payments to suppliers	(336,909)
Payments to employees and related benefits	<u>(116,853)</u>
Net cash provided by operating activities	<u>4,875</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Ad valorem taxes	408,102
State revenue sharing	<u>28,745</u>
Net cash provided by noncapital financing activities	<u>436,847</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Federal grant proceeds	721,142
State grant proceeds	325,458
Purchases of capital assets	-
Acquisition and construction of capital assets	(945,377)
Principal paid on certificates of indebtedness	(75,000)
Interest paid on certificates of indebtedness	<u>(4,249)</u>
Net cash provided by capital and related financing activities	<u>21,974</u>
<b>Cash Flows from Investing Activities</b>	
Interest received on investments and interest-bearing deposits	<u>9,330</u>
Net increase in cash and cash equivalents	473,026
Cash and cash equivalents, beginning of year	<u>618,331</u>
Cash and cash equivalents, end of year	<u>\$ 1,091,357</u>

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT  
 STATEMENT OF CASH FLOWS (Continued)  
 Year Ended December 31, 2003

Reconciliation of Operating Loss to Net Cash Provided  
 by Operating Activities:

Operating loss	\$ (401,558)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation expense	336,656
(Increase) decrease in accounts receivable	60,437
(Increase) decrease in prepaid expenses	(1,120)
Increase (decrease) in accounts payable	4,893
Increase (decrease) in accrued expenses	3,080
Increase (decrease) in deferred revenues	<u>2,487</u>
Net cash provided by operating activities	<u>\$ 4,875</u>

Schedule of noncash investing, capital, and financing  
 activities

Increase in grants receivable	\$ 261,477
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The accompanying notes are an integral part of these statements.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2003

INTRODUCTION

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the West St. Mary Parish Port, 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.

B. REPORTING ENTITY

The Governmental 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.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003

C. FUND ACCOUNTING

The West St. Mary Parish Port, Harbor and Terminal District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

The District has implemented GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Enterprise funds use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. The District’s Enterprise fund uses the following practices in recording certain revenues and expenses:

Revenues: Lease rentals are recorded when earned. Ad valorem taxes and state revenue sharing are recorded in the year the taxes are due and payable. Interest income is recorded when earned. All other revenues are recorded when earned.

Expenses: Expenditures are recorded in the period that the liabilities are incurred.

E. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation is not employed by the District.

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days, otherwise, they are classified as cash equivalents.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003

G. PREPAID EXPENSES

Payments made to insurance companies for yearly policies that will benefit future periods are recorded as prepaid insurance. At December 31, 2003, the balance of prepaid insurance was recorded as \$6,142.

H. RESTRICTED ASSETS

Certain proceeds of Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

I. FIXED ASSETS

Fixed assets used in the proprietary fund type operations are valued at historical costs. Depreciation of all exhaustible fixed assets used by the proprietary fund type operations is charged as an expense against operations. Fixed assets on the balance sheet are net of accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the various assets as follows:

Buildings	25 years
Improvements	10 - 25 years
Furniture and equipment	3 - 10 years

J. DEFERRED REVENUE

Revenues collected during the year ended December 31, 2003 that are not available to finance the operations of the current period are reported as deferred revenues and are recognized as operating revenues in the subsequent period.

K. COMPENSATED ABSENCES

Employees earn vacation and sick leave annually at varying rates depending upon length of service. Accrued unused annual leave shall be carried forward to the succeeding calendar years without limitation.

Upon termination, an employee is compensated for accumulated vacation time up to 200 hours, but employees are not compensated for sick time.

The liability related to this accumulated vacation time totaled \$20,782 at December 31, 2003.

L. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the Enterprise Fund.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003

M. FUND EQUITY

Reserves represent those portions of fund equity legally segregated for a specific future use.

N. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities. Accordingly, actual results could differ from those estimates.

O. COMPARATIVE DATA

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

NOTE 2 - CASH AND CASH EQUIVALENTS

At December 31, 2003, the District had cash and cash equivalents (book balances) totaling \$261,406, all of which were demand deposits.

The deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2003, the District had \$261,456 in deposits (collected bank balances). These deposits are secured from risk by \$105,101 of federal deposit insurance and pledged securities with a market value at December 31, 2003 of \$250,056.

NOTE 3 - INVESTMENTS

The District can invest in securities of the United States Government unless such an investment is expressly prohibited by law. The carrying amounts and approximate market values of investments at December 31, 2003 are summarized as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Market Value/ Carrying Amount</u>	<u>Cost</u>
Louisiana Asset Management Pool	Various	\$ 829,951	\$ 829,951



WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003

NOTE 3 – INVESTMENTS (CONTINUED)

Investments in the amount of \$829,951 at December 31, 2003 are in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section I150.165, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and statewide professional organizations. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or on of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balance.

NOTE 4 - RECEIVABLES

The District records ad valorem and state revenue sharing in the year the tax is due and payable. At December 31, 2003, ad valorem and state revenue receivables were \$406,140 and \$18,629, respectively. Also, lease rentals are recorded when earned. The lease rental receivable at December 31, 2003 was \$25,215.

The District recognizes uncollectible amounts on the direct write-off method. Therefore, no reserve for uncollectible accounts is recorded at December 31, 2003. The District believes that uncollectible accounts, if any, are immaterial.

NOTE 5 - AD VALOREM TAXES

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, at which time an enforceable lien attaches to the property. The taxes are collected on behalf of the District by the St. Mary Parish Sheriff and then remitted to the District. The District receives the majority of its taxes in January and February. The tax rate for the year ended December 31, 2003 was 4.07 mills on the dollar of the assessed valuation of all taxable property in the present boundaries of the District.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

The following is a summary of changes in general fixed assets:

	Balance December 31, 2002	Additions	Deletions	Balance December 31, 2003
Land	\$ 3,655,217	\$ -	\$ -	\$ 3,655,217
Buildings	2,075,965	42,132	-	2,118,097
Improvements	6,680,844	4,806	-	6,685,650
Furniture and fixtures	43,694	-	-	43,694
Equipment	62,913	-	-	62,913
Construction in progress	9,948	1,321,435	(9,948)	1,321,435
Subtotal	12,528,581	1,368,373	(9,948)	13,887,006
Less: accumulated depreciation	(3,480,401)	(336,656)	-	(3,817,057)
Total	<u>\$ 9,048,180</u>	<u>\$ 1,031,717</u>	<u>\$ (9,948)</u>	<u>\$ 10,069,949</u>

Depreciation expense related to the utilization of fixed assets for the year ended December 31, 2003, was \$336,656.

NOTE 7 - LEASES

The District has available for lease all of its land, buildings, and improvements at the port site.

At December 31, 2003, the minimum future rentals on the District's leases are as follows:

2004	\$ 205,490
2005	197,990
2006	124,846
2007	72,600
2008	18,150
	<u>\$ 619,076</u>

The leasing arrangements vary based on the operations of the tenant and may be either short-term or long-term in nature.



WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003

NOTE 8 - LONG-TERM DEBT

The following is a summary of the District's long-term debt transactions for the year ended December 31, 2003:

Bonds payable, December 31, 2002	\$ 120,000
Bonds issued	-
Bonds matured	<u>(75,000)</u>
Bonds payable, December 31, 2003	<u>\$ 45,000</u>

The long-term debt at December 31, 2001 are comprised of the following individual issues:

Certificates of indebtedness payable to Patterson State Bank, bearing interest at 5.25 percent per annum, payable in semi-annual installments, with final payment due in February 2006, payable from restricted assets	<u>\$ 45,000</u>
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The following is a schedule of debt service requirements:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	15,000	2,156	17,156
2005	15,000	1,294	16,294
2006	<u>15,000</u>	<u>431</u>	<u>15,431</u>
	<u>\$ 45,000</u>	<u>\$ 3,881</u>	<u>\$ 48,881</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 9 - COMPENSATION OF COMMISSIONERS

The Commissioners of the District received no per diem, salaries, or wages for the year ended December 31, 2003.

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. Contributions to the Social Security retirement system for the year ended December 31, 2003 totaled \$7,991.

Also, effective January 1, 1998, the District adopted a Simplified Employee Pension plan for all eligible employees. The District has selected the pro rata allocation formula for contributions.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003

NOTE 10 - RETIREMENT PLANS (CONTINUED)

*Employer contributions made for a plan year on behalf of any participant shall not exceed the lesser of 15% of compensation or the limitation in effect under Code Section 415(c)(1)(A), which was \$30,000 for 2003.*

The District contributed 10% of each employee's salary for a total of \$11,732 in 2003.

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.

NOTE 12 - COMMITMENTS

*The District has entered into contracts with two construction contractors to provide the necessary construction services to install water treatment and distribution facilities at and in the near vicinity of the port site. The total cost of these projects are as follows: Water treatment facility - \$791,500 and Water distribution system - \$469,437. As of December 31, 2003, the District has incurred costs under these contracts in the amounts of \$665,215 for the water treatment facility and \$476,406 for the water distribution system. These costs include \$114,131 accrued as retainages on the above projects. It is expected that the remainder of the costs to be incurred under these contracts will be expended during the year ending December 31, 2004.*

NOTE 13 - SUBSEQUENT EVENT

On February 1, 2004, the District paid off the remainder of its certificates of indebtedness using current operating funds. The payment of \$46,294 consisted of \$15,000 principal currently due on February 1, 2004, \$30,000 principal due in 2005 and 2006, and \$1,294 interest due through February 1, 2004. The payoff of this debt allowed the District to realize a savings of future interest expense of \$2,587 that would have been due in future periods through final maturity on February 1, 2006.

**INTERNAL CONTROL AND COMPLIANCE**

MARSHALL W. GUIDRY, CPA  
MICHELE L. CHAUVIN, CPA  
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**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 financial statements of the business-type activities of the West St. Mary Parish Port, Harbor and Terminal District as of and for the year ended December 31, 2003, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 18, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the West St. Mary Parish Port, Harbor and Terminal District's 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 would 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 the 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 and 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 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 be material weaknesses.

This report is intended solely for the information and use of the District's management, the St. Mary Parish Council, the Louisiana Legislative Auditor, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Guidry, Chauvin & Taylor, CPA's*  
Certified Public Accountants

Franklin, Louisiana  
June 18, 2004

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the West St. Mary Parish Port, Harbor and Terminal District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major program for the year ended December 31, 2003. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the West St. Mary Parish Port, Harbor and Terminal District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

Internal Control Over Compliance

The management of the West St. Mary Parish Port, Harbor and Terminal District is responsible for establishing and maintaining effective internal control over compliance with requirements with laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the District's management, the St. Mary Parish Council, the Louisiana Legislative Auditor, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Guidry, Chauvin & Taylor, CPA's*  
Certified Public Accountants

Franklin, Louisiana  
June 18, 2004



WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT

Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2003

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>Agency or Pass-through No.</u>	<u>CFDA NUMBER</u>	<u>EXPENDITURES 12/31/2003</u>
United States Department of Commerce: Grants for Public Works and Economic Development Facilities	08-01-03599	11.300	\$ 798,459
Federal Emergency Management Agency: Passed through the Louisiana Office of Emergency Preparedness Public Assistance Grants - Hurricane Lili		83.544	<u>155,380</u>
Total expenditures of federal awards			<u>\$ 953,839</u>

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the West St. Mary Parish Port, Harbor and Terminal District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



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

**Summary Schedule of Prior Year Findings  
Year Ended December 31, 2003**

**There were no findings noted in the prior year audit.**

WEST ST. MARY PARISH PORT, HARDWARE AND TERMINAL DISTRICT

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2003

Part 1 Summary of Auditor's Results

**FINANCIAL STATEMENTS**

Auditor's Report – Financial Statements

An unqualified opinion has been issued on the District's financial statements as of and for the year ended December 31, 2003.

Reportable Conditions – Financial Statements

There were no reportable conditions in internal control over financial reporting disclosed during the audit of the financial statements.

Material Noncompliance – Financial Reporting

There were no material instances of noncompliance noted during the audit of the financial statements.

**FEDERAL AWARDS**

Major Program – Identification

The District, at December 31, 2003, had one major program.

Grants for Public Works and Economic Development Facilities, CFDA #11.300, which receives funds from the U.S. Department of Commerce.

Low-Risk Auditee

The District was not considered a low-risk auditee for the year ended December 31, 2003.

Major Program – Threshold

The dollar threshold to distinguish Type A and Type B programs is \$300,000 for the year ended December 31, 2003.

Auditor's Report – Major Program

An unqualified opinion has been issued on the District's compliance for its major program as of and for the year ended December 31, 2003.

Reportable Conditions – Major Program

No reportable conditions were disclosed during the audit of major programs.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT

Schedule of Findings and Questioned Costs (Continued)  
Year Ended December 31, 2003

Compliance Findings Related to Federal Programs

There were no material instances of noncompliance noted during the audit of major programs.

Part 2 Findings Relating to an Audit in Accordance with *Government Auditing Standards*

There were no findings noted.

Part 3 Findings and Questioned Costs Relating to Federal Programs

There were no material instances of noncompliance noted during the audit of major programs.