RECEIVED

RECEIVED

SEP 30 1999

REPORT

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)

JUNE 30, 1999 AND 1998

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)

INDEX TO REPORT

JUNE 30, 1999 AND 1998

DUPLANTIER, HRAPMANN, HOGAN & MAHER, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

1340 Poydras St., Suite 2000 • New Orleans, LA 70112
(504) 586-8866
FAX (504) 525-5888
cpa@dhhmcpa.com

MICHAEL J. O'ROURKE, C.P.A.
WILLIAM G. STAMM, C.P.A.
CLIFFORD J. GIFFIN, JR., C.P.A.
DAVID A. BURGARD, C.P.A.
LINDSAY J. CALUB, C.P.A., L.L.C.
DAVID J. MUMFREY, C.P.A.
GUY L. DUPLANTIER, C.P.A.
BONNIE J. McAFEE, C.P.A.

MICHELLE H. CUNNINGHAM, C.P.A.
KENNETH J. BROOKS, C.P.A., ASSOCIATE

A.J. DUPLANTIER, JR., C.P.A.
(1919-1985)
FELIX J. HRAPMANN, JR., C.P.A.
(1919-1990)
WILLIAM R. HOGAN, JR., C.P.A.
(1920-1996)
JAMES MAHER, JR., C.P.A.
(1921-1999)

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LA. C.P.A.'S

INDEPENDENT AUDITOR'S REPORT

September 17, 1999

To the Board of Commissioners
St. Bernard Port, Harbor and
Terminal District
Chalmette, Louisiana

We have audited the balance sheets of the St. Bernard Port, Harbor and Terminal District (the District), a component unit of the State of Louisiana, as of June 30, 1999 and 1998, and the related statements of revenues, expenses and changes in retained earnings, and cash flows for the years then ended. 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 audits in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States and the provisions of Office of Management and Budget (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 the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the St. Bernard Port, Harbor and Terminal District as of June 30, 1999 and 1998 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The accompanying required supplemental schedule on the Year 2000 Issue and the supplemental Schedule of Compensation Paid Commissioners are presented for the purpose of additional analysis and are not a required part of the component unit financial statements of the St. Bernard Port, Harbor and Terminal District. The required supplemental schedule on the Year 2000 Issue has not been subjected to procedures applied in the audit of the component unit financial statements and accordingly we express no opinion on it; however, the supplemental Schedule of Compensation Paid Commissioners has been subjected to the procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly stated in all material respects in relation to the component unit financial statements taken as a whole.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 17, 1999 on our consideration of the St. Bernard 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.

Duplantier, Hrapmann, Hogan & Maher LLP

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
BALANCE SHEETS
JUNE 30, 1999 AND 1998

ASSETS

	1999	1998
CURRENT ASSETS:		
Cash (Notes 1 and 2)	$ 1,514,407	$ 931,710
Accounts receivable (Note 1)	313,674	117,829
Prepaid expenses	184,022	162,264
Due from other governmental units (Note 4)	679,420	129,253
Total current assets	2,691,523	1,341,056
RESTRICTED ASSETS: (Note 1)		
Cash - bonds payable sinking fund	19,990	19,390
Cash - employee savings	11,203	14,369
Total restricted assets	31,193	33,759
PROPERTY, PLANT AND EQUIPMENT: (Notes 1 and 5)		
Land and improvements	11,242,892	11,242,892
Dock and barge facilities	11,253,573	2,563,176
Buildings and improvements	5,195,225	5,121,848
Dock and marina facilities	566,118	566,118
Furniture and equipment	658,279	636,898
	28,916,087	20,130,932
Less accumulated depreciation	2,624,017	2,066,139
	26,292,070	18,064,793
Construction in progress	3,816,565	6,370,878
Net property, plant and equipment	30,108,635	24,435,671
TOTAL ASSETS	$ 32,831,351	$ 25,810,486

See accompanying notes.

LIABILITIES AND FUND EQUITY

	1999	1998
CURRENT LIABILITIES:		
Accounts payable	$ 1,260,312	$ 189,749
Due to employees - savings	11,203	14,369
Unearned lease revenue (Notes 1 and 6)	3,317	42,050
Current maturities of bond payable (Note 6)	43,000	40,000
Total current liabilities	1,317,832	286,168
LONG-TERM OBLIGATIONS: (Note 6)		
Accounts payable	--	17,190
Compensated absences (Note 1)	86,011	85,333
Bond payable	344,000	387,000
Deferred credit - insurance payment	--	50,000
Total long-term obligations	430,011	539,523
Total liabilities	1,747,843	825,691
CONTINGENCIES: (Notes 11 and 14)		
FUND EQUITY:		
Contributed capital (Note 7)	28,719,815	22,877,298
Retained earnings	2,363,693	2,107,497
Total fund equity	31,083,508	24,984,795
TOTAL LIABILITIES AND FUND EQUITY	$ 32,831,351	$ 25,810,486

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	1999	1998
OPERATING REVENUES:		
Lease revenues (Notes 1, 6, and 8)	$ 1,898,030	$ 1,803,585
Other fees and permits	63,128	57,483
Sale of surplus property	180	1,279
Total operating revenues	1,961,338	1,862,347
OPERATING EXPENSES:		
Personal services	738,514	720,734
Supplies and materials	16,394	15,078
Other services and charges	800,439	811,652
Loss on disposition of assets	1,565	9,069
Promotion and marketing	71,546	66,308
Professional services	260,050	213,273
Depreciation (Notes 1 and 5)	575,588	462,234
Total operating expenses	2,464,096	2,298,348
Operating loss	(502,758)	(436,001)
NONOPERATING REVENUES (EXPENSES):		
Taxes - ad valorem (Note 3)	574,144	565,065
Intergovernmental revenues (Note 4)	125,000	147,827
Federal funds	15,297	15,941
Insurance claim	10,000	--
Interest earned	64,746	63,795
Interest expense on long-tem debt	(30,233)	(33,024)
Total nonoperating revenues	758,954	759,604
Net income	256,196	323,603
RETAINED EARNINGS - Beginning of year	2,107,497	1,783,894
RETAINED EARNINGS - End of year	$ 2,363,693	$ 2,107,497

See accompanying notes.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	$ (502,758)	$ (436,001)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	575,588	462,234
Noncash lease revenues	(38,733)	(52,500)
Loss on disposition of assets	1,565	9,069
(Increase) decrease in assets:		
Accounts receivable	(195,845)	9,132
Prepaid expenses	(21,758)	53,911
Increase (decrease) in liabilities:		
Accounts payable	430,841	73,390
Compensated absences	678	(8,992)
Due to employees - Christmas savings	(3,166)	1,825
Deferred credit	(50,000)	2,674
Total adjustments	699,170	550,743
Net cash provided by operating activities	196,412	114,742
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Federal funds	25,430	8,558
State bond proceeds	--	22,827
Ad valorem tax receipts	575,938	563,444
State revenue sharing	125,000	125,000
Insurance claim	10,000	--
Net cash provided by noncapital financing activities	736,368	719,829
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of property, equipment and construction in progress	(5,627,585)	(5,736,598)
Contributed capital - state bond proceeds	3,413,796	697,454
Contributed capital - federal funds	1,866,627	3,941,819
Payment of long-term debt	(40,000)	(38,000)
Interest paid on long-term debt	(30,233)	(33,024)
Net cash used in capital and related financing activities	(417,395)	(1,168,349)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	64,746	63,795
Net increase (decrease) in cash	580,131	(269,983)
CASH - Beginning of year	965,469	1,235,452
CASH - End of year	$ 1,545,600	$ 965,469

See accompanying notes.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

NATURE OF OPERATIONS:

The St. Bernard Port, Harbor and Terminal District (the District) was created as a public corporation and political subdivision of the State of Louisiana under Louisiana Revised Statute 34:1701-1714. The District is governed by a Board of Commissioners consisting of five members appointed by the Governor upon the recommendation of a majority of the Legislative delegation from St. Bernard Parish. The Board has the power to regulate the commerce and traffic of the District in such manner as may be best for the public interest; and it is empowered to own and have charge of, to administer, construct, operate and maintain wharves, warehouses, landings, docks, sheds, belt and connection railroads, shipways, canals, channels, slips, basins, locks, elevators and other structures and facilities necessary and proper for the use and development of the business of the District.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity

Government Accounting Standards Board (GASB) Statement No. 14 has established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

1. Appointment of a voting majority of the governing board

   a. The ability of the reporting entity to impose its will on the organization
   b. The potential of the organization to provide specific financial benefits to or impose specific financial burdens on the reporting entity

2. Organizations which are fiscally dependent

3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship

Because the Governor appoints the governing board, the District was determined to be a component unit of the State of Louisiana. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the State of Louisiana, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

Annually, the State of Louisiana issues audited general purpose financial statements which include the activity contained in the accompanying financial statements.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fund Accounting

The accounts of the District are organized and operated on a fund basis (enterprise fund) whereby a separate self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenses is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Enterprise Fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include demand deposits and investments with original maturities of three months or less.

Accounts Receivable

The District uses the direct write off method to remove uncollectible accounts receivable. This method approximates the allowance method required by generally accepted accounting principles.

Property, Plant and Equipment

Property, plant, and equipment associated with the activity of the District are recorded as assets of that fund. All purchased property, plant and equipment are valued at cost. Depreciation of these assets is computed on the straight-line method over the estimated useful lives of the assets.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Restricted Assets

Certain resources for the repayment of bonds payable are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Cash held for employee savings is restricted until the cash is remitted to the employee.

Compensated Absences

Accumulated vacation and sick leave is accrued as an expense of the period in which incurred. Administrative employees earn from 12 to 25 days of vacation and sick leave each year depending on length of service with the District. Accumulation of vacation leave is limited to 60 days per employee, with the exception of one employee grandfathered in at 94.5 days. Accumulation of sick leave is limited to 25 days per employee. Upon termination of employment, unused vacation and sick leave will be paid to employees at the employee's current rate of pay.

Lease Revenues

The District's revenues include the leasing of land and improvements under cancelable operating leases. The leases are accounted for using the operating method whereby the amount of revenue recognized in each accounting period is equivalent to the amount of rent receivable according to the provisions of the lease. Unearned lease revenue includes the estimated fair value of improvements to the District's buildings paid for by lessees. The revenue is being recognized over the terms of the operating leases.

2. CASH:

The District had cash bank balances totaling $1,682,637 and $1,509,946 at June 30, 1999 and 1998, respectively.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

State law requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. These pledged securities are held in the name of the pledging fiscal agent bank and the District in a custodial bank. The District's deposits at June 30, 1999 and 1998 were fully collateralized as follows:

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

2. CASH: (Continued)

Deposits in bank accounts per balance sheet:

	1999	1998
Unrestricted	$ 1,514,407	$ 931,710
Restricted	31,193	33,759
Total balance sheet cash	1,545,600	965,469
Bank balances:		
a: Insured (FDIC)	100,000	100,000
b: Collateralized with securities held by the Federal Reserve Bank of Atlanta	1,582,637	1,409,947
c: Uncollateralized	--	--
Total bank balances	1,682,637	1,509,947
d: Difference between balance sheet and total bank balances	$ 137,037	$ 544,478

The following is a breakdown by banking institution, program, account number and amount of the bank balances shown above:

Banking Institution	Program	Account Number	1999 Bank Balances	1998 Bank Balances
Bank One	Port operations	0700909427	$ 1,651,444	$1,476,188
Bank One	Port operations	0700302670	--	--
Bank One	Port operations	0700302689	--	--
Bank One	Debt service	0700302700	19,990	19,390
Bank One	Employee funds	0700302697	11,203	14,369
			$ 1,682,637	$1,509,947

3. AD VALOREM TAXES:

Property taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. Property taxes are levied on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the District. Assessed values are established by the St. Bernard Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. The assessed value upon which the 1998 and 1997 levy was based was $287,133,876 and $280,403,023, respectively, with homestead exemptions of $105,284,955 and $103,808,998, respectively.

The District is permitted by Article 7, Section 23 of the 1974 Constitution and Act 228 of 1960 of the State of Louisiana to levy taxes up to $5.00 per $1,000 of assessed valuation on property within the District to defray their administrative, operative and maintenance expenditures. The tax rate to finance expenses for each of the years ended June 30, 1999 and 1998 was $3.22 per $1,000, respectively.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

3. AD VALOREM TAXES: (Continued)

Ad valorem taxes are generally collected in December of the current year and January and February of the ensuing year. Current tax collections for the years ended June 30, 1999 and 1998 were 98.10 percent and 99.42 percent, respectively, of the tax levy.

As required by State of Louisiana Statutes, prescribed deductions are made from the District's property tax receipts to cover contributions to various pension funds. The deduction for the years ended June 30, 1999 and 1998 was $17,987 and $17,552, respectively.

4. INTERGOVERNMENTAL REVENUES AND RECEIVABLES:

An analysis of intergovernmental revenues for the years ended June 30, 1999 and 1998 follows:

	1999	1998
State of Louisiana:		
State revenue sharing	$125,000	$125,000
State bond proceeds - Act 45	--	22,827
Totals	$125,000	$147,827

Amounts due from other governmental units consisted of the following for the years ended June 30, 1999 and 1998:

	1999	1998
St. Bernard Parish Tax Collector	$ 1,321	$ 3,114
State bond proceeds	510,606	116,006
Federal funds	167,493	10,133
Totals	$679,420	$129,253

The remainder of appropriations due to the District, upon request, for Act 45 is $149,345 at June 30, 1999.

5. PROPERTY, PLANT, EQUIPMENT AND DEPRECIATION:

A summary of changes in property, plant, equipment and depreciation for the years ended June 30, 1999 and 1998 follows:

1999	Balance July 1, 1998	Additions	Retirements	Balance June 30, 1999
Land and improvements	$11,242,892	$ --	$ --	$11,242,892
Dock and barge facilities	2,563,176	8,690,397	--	11,253,573
Buildings and improvements	5,121,848	73,377	--	5,195,225
Dock and marina facilities	566,118	--	--	566,118
Furniture and equipment	636,898	40,656	19,275	658,279
Totals	$20,130,932	$ 8,804,430	$19,275	$28,916,087

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

5. PROPERTY, PLANT, EQUIPMENT AND DEPRECIATION: (Continued)

	Accumulated Depreciation July 1, 1998	Deprecia- tion Expense	Retirements	Accumulated Depreciation June 30, 1999
Dock and barge facilities	$ 871,900	$ 244,037	$ --	$ 1,115,937
Buildings and improvements	440,439	198,396	--	638,835
Dock and marina facilities	434,545	47,796	--	482,341
Furniture and equipment	319,255	85,359	17,710	386,904
Totals	$ 2,066,139	$ 575,588	$17,710	$ 2,624,017

1998	Balance July 1, 1997	Additions	Retirements	Balance June 30, 1998
Land and improvements	$10,435,051	$ 807,841	$ --	$11,242,892
Dock and barge facilities	2,203,000	360,176	--	2,563,176
Buildings and improvements	4,830,737	291,111	--	5,121,848
Dock and marina facilities	566,118	--	--	566,118
Furniture and equipment	625,901	36,792	25,795	636,898
Totals	$18,660,807	$1,495,920	$25,795	$20,130,932

	Accumulated Depreciation July 1, 1997	Deprecia- tion Expense	Retirements	Accumulated Depreciation June 30, 1998
Dock and barge facilities	$ 648,662	$ 223,238	$ --	$ 871,900
Buildings and improvements	331,120	109,319	--	440,439
Dock and marina facilities	386,748	47,797	--	434,545
Furniture and equipment	254,101	81,880	16,726	319,255
Totals	$ 1,620,631	$ 462,234	$16,726	$ 2,066,139

6. GENERAL LONG-TERM OBLIGATIONS:

Bonds Payable:

In April of 1996, the District issued bonds payable in the amount of $500,000. These bonds have stated interest rates ranging from 7.25% to 7.75% and maturities ranging from October of 1996 to April of 2006. The following is a summary of the bonds payable transactions for the years ended June 30, 1999 and 1998.

	1999	1998
Outstanding at beginning of year	$427,000	$465,000
Additions	--	--
Reductions	(40,000)	(38,000)
Outstanding at end of year	$387,000	$427,000

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

6. GENERAL LONG-TERM OBLIGATIONS: (Continued)

Bonds Payable: (Continued)

A schedule of annual debt service requirements for the bonds payable for each of the next five years and thereafter is as follows:

	Principal	Interest	Total
2000	$ 43,000	$ 27,296	$ 70,296
2001	47,000	24,106	71,106
2002	51,000	21,338	72,338
2003	55,000	17,438	72,438
2004	59,000	13,238	72,238
2005-2006	132,000	12,636	144,636
	$ 387,000	$116,052	$503,052

Other Long-term Obligations:

The following is a summary of changes in other long-term obligations for the years ended June 30, 1999 and 1998:

1999	Balance July 1, 1998	Additions	Retirements	Balance June 30, 1999
Compensated absences	$ 85,333	$16,573	$15,895	$ 86,011
Unearned lease revenue	--	--	--	--
Deferred credit	50,000	--	50,000	--
Totals	$135,333	$16,573	$65,895	$ 86,011

1998	Balance July 1, 1997	Additions	Retirements	Balance June 30, 1998
Compensated absences	$ 94,325	$ --	$ 8,992	$ 85,333
Unearned lease revenue	39,375	--	39,375	--
Deferred credit	50,000	--	--	50,000
Totals	$183,700	$ --	$48,367	$135,333

Unearned lease revenue at June 30, 1999 and 1998 is as follows:

	1999	1998
Balance, June 30	$ 3,317	$ 42,050
Less: current portion	3,317	42,050
Long-term portion	$ --	$ --

For the years ended June 30, 1999 and 1998, $39,375 and $52,500, respectively, was recognized as lease revenue from these leases.

The unearned lease revenue to be recognized in the next year is $3,317.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

7. CONTRIBUTED CAPITAL:

A cumulative summary of contributed capital at June 30, 1999 is as follows:

Residual equity transfers	$ 612,831
State bond proceeds	20,423,516
State general appropriations	176,807
State Rural Development proceeds	250,000
Federal funding	8,193,855
Less disposition of and depreciation on property, plant, and equipment constructed or acquired from State bonds proceeds	(937,194)
Total	$28,719,815

A summary of changes in contributed capital for the years ended June 30, 1999 and 1998 follows:

	1999	1998
Contributed capital at July 1	$22,877,298	$18,820,692
State bond proceeds	2,261,227	660,239
Federal funding	3,581,290	3,396,367
Contributed capital at June 30	$28,719,815	$22,877,298

8. LEASE REVENUES:

The District leases property and buildings located on the former Kaiser Aluminum Plant site and dock and barge facilities located at the Chalmette Slip to various businesses. These leases are reported as operating leases. Minimum future rentals on cancelable leases for the next five years are as follows:

YEAR ENDED JUNE 30	
2000	$1,595,483
2001	1,361,818
2002	1,194,347
2003	227,587
2004	120,719
TOTAL	$4,499,954

In addition to the lease revenues above, the District became the assignee of several leases for pipeline right of ways when the District acquired the property at the Chalmette Slip. The terms of the leases are indefinite, thus the District will receive approximately $964 annually under these leases.

Contingent rentals earned for the years ended June 30, 1999 and 1998 were $398,428 and $346,796, respectively.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

8. LEASE REVENUES: (Continued)

The carrying value of leased property as of June 30, 1999 and 1998 is as follows:

1999	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE
Land and improvements	$11,242,892	$ --	$11,242,892
Dock and barge facilities	11,253,573	1,115,937	10,137,636
Buildings and improvements	5,195,225	638,835	4,556,390
Dock and marina facilities	566,118	482,342	83,776
	$28,257,808	$ 2,237,114	$26,020,694

1998	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE
Land and improvements	$11,242,892	$ --	$11,242,892
Dock and barge facilities	2,563,176	871,900	1,691,276
Buildings and improvements	5,121,848	440,439	4,681,409
Dock and marina facilities	566,118	434,545	131,573
	$19,494,034	$ 1,746,884	$17,747,150

9. LEASE EXPENSE COMMITMENTS:

During the years ended June 30, 1999 and 1998, the District leased two vehicles under operating leases. The first lease required monthly lease payments of $499 and expired August 1998. The second lease requires monthly lease payments of $592 and expires April 2000. Future minimum lease payments of $5,920 will be paid on the second lease during the year ended June 30, 2000.

The District also leases various equipment and other items under month to month leases. Total rent expense for all leases for the years ended June 30, 1999 and 1998 was $19,598 and $25,476, respectively.

10. INDUSTRIAL DEVELOPMENT REVENUE BONDS:

On December 20, 1984 the District entered into an agreement with Raymar & Associates. The agreement required the District to issue $1,000,000 of Industrial Development Revenue Bonds. The bond proceeds are to be used for the project specified in the agreement. Raymar & Associates has unconditionally guaranteed the principal and interest on the bonds. The District did not incur either a direct or contingent liability as a result of the above transaction.

11. LITIGATION:

There are several lawsuits and claims pending against the District, some of which seek substantial monetary damages. Management of the District is of the opinion that, even if adversely decided, the District is adequately insured against such claims and the disposition of the claims will not have a material effect on the operations or the financial position of the District.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

12. PENSION PLAN:

Substantially all employees of the District are members of two state wide retirement systems, both of which are cost-sharing multiple-employer public employee retirement systems (System). The majority of employees are members of the Louisiana State Employees Retirement System (LASERS). All permanent employees, who meet the age requirements and who are paid wholly or in part from the District funds must be members of LASERS. However, employees who were previously members of other state retirement systems may continue to participate in that system in lieu of participating in LASERS. During the year ended June 30, 1999, one new employee continued his participation in the Teachers Retirement System of Louisiana (TRS).

Under LASERS, employees who retire, with 30 years of accredited service, or at or after age 60 with at least 10 years of accredited service are entitled to a retirement benefit, payable monthly for life, equal to 2-1/2% of their average compensation for each year of creditable service plus three hundred dollars. Participants who became members of the System on or after July 1, 1986, are not eligible for the $300 addition to the annual retirement benefit formula. Effective January 1, 1996, employees may choose to retire with 20 years of service at any age, with an actuarial reduced benefit.

The formula for annual maximum retirement benefits under TRS is 2 or 2.5% of final average salary for each year of credited service. Final average salary is based upon the member's highest successive thirty-six months of salary. Benefits are paid monthly for life.

Benefits of the System are funded by employer and employee contributions. The contribution rates (as a percentage of covered salaries) are established by state law as follows:

	June 30, 1999		June 30, 1998	
	Employee	Employer	Employee	Employer
Louisiana State Employees' Retirement System	7.50%	12.40%	7.50%	13.00%
Louisiana Teachers' Retirement System	8.00	16.50	8.00	16.40

The District's contributions to the plans during the years ended June 30, 1999, 1998 and 1997 are as follows:

	June 30, 1999	June 30, 1998	June 30, 1997
Louisiana State Employee's Retirement System	$43,398	$46,757	$43,137
Louisiana Teachers' Retirement System	10,312	--	--

Both systems issue publicly available financial reports that include financial statements and required supplementary information for each system. The LASERS report may be obtained by writing to the System at P.O. Box 44516, Baton Rouge, Louisiana 70804-4516. The TRS report may be obtained by writing to the System at P.O. Box 94123, Baton Rouge, Louisiana 70804-9123.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

13. DEFERRED COMPENSATION PENSION FUND:

The Louisiana Public Employees Deferred Compensation Plan (the Plan) was adopted by the Louisiana Deferred Compensation Commission effective September 15, 1982. The plan was established in accordance with Louisiana Revised Statutes 42:1301 through 42:1308 and section 457 of the Internal Revenue Code of 1954, as amended, for the purpose of providing supplemental retirement income to employees by permitting them to defer a portion of compensation to be invested and distributed in accordance with the terms of the Plan. Effective January 1, 1999, the Commission repealed the Plan in its entirety.

Prior to January 1, 1999, all deferred compensation, property and rights purchased with deferred compensation and income or earnings attributable to deferred compensation, property or rights constituted assets of the State of Louisiana and remain (until made available to a participant or beneficiary) the property of the State of Louisiana, subject only to the claims of the general creditors of the State of Louisiana. Effective January 1, 1999, all compensation deferred under the Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property or rights shall be held for the exclusive benefit of participants and their beneficiaries.

The maximum amount of compensation which may be deferred during a calendar year shall not exceed the lessor of 33% of a participant's includable income or $7,500. (Prior to January 1, 1999, maximum deferral should not exceed the lesser of 25% of a participant's adjusted gross income or $7,500.)

The St. Bernard Port, Harbor and Terminal District makes contributions to the Plan on behalf of each employee based on the following schedule.

YEARS OF SERVICE	MONTHLY CONTRIBUTION
0-2	$ 20
3-5	40
6-9	60
10-14	80
15 and over	100

Contributions to the Plan by employees totaled $22,696 and $36,249, respectively, for the years ended June 30, 1999 and 1998. Contributions to the Plan by the District totaled $14,204 and $14,130, respectively, for the years ended June 30, 1999 and 1998.

14. CONTINGENCIES:

In 1991 a substance was found in the soil on part of the Kaiser plant site which could possibly create an environmental problem. The engineers of the District have presented the Department of Environmental Quality (DEQ) with a plan to monitor the situation. The DEQ must make a determination on the potential danger the substance creates, if any, and if a cleanup of the site will be necessary. The District is currently monitoring the situation in accordance with DEQ requirements. It is the Port's opinion that potential costs of cleanup will be shared all or in part by the original owner of the property.

15. RECLASSIFICATION:

Certain amounts in 1998 have been reclassified to conform to the 1999 presentation.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

16. POSTRETIREMENT HEALTH CARE BENEFITS:

The Board of Commissioners of the St. Bernard Port, Harbor and Terminal District has established the policy of providing certain continuing health care insurance benefits for certain retired employees. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid by the District. All District employees who are eligible to retire under a state retirement system become eligible to receive these benefits. At June 30, 1999 and 1998, two retirees were receiving benefits. The District's costs of providing retiree health care insurance benefits are recognized as expenses when the monthly premiums are paid. For the years ended June 30, 1999 and 1998, the total cost of premiums was $10,673 and $10,964, respectively.

17. USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

18. FEDERAL FUNDS:

The District has received Federal Highway Administration funds passed through the Louisiana Department of Transportation and Development (DOTD) in the amounts of $3,596,587 and $3,412,310 for the years ended June 30, 1999 and 1998. The District has entered into a cooperative endeavor agreement with DOTD whereby DOTD provides 80% of the cost of the port improvement projects and the District provides 20% participation. DOTD is responsible for construction advertising, receiving bids, awarding contracts, preparing contracts for execution, coordination of construction, approval of construction pay estimates and project accounting. The District is responsible for construction engineering, construction administration and inspection, and payments for construction services. Accordingly, the responsibility for many federal compliance requirements lies with DOTD.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION PAID COMMISSIONERS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	SALARY	
	1999	1998
Sam A. Bella, Jr.	$ --	$ --
Harold G. Felger	28,750	46,000
Stephen C. Juan	--	--
Elton J. LeBlanc	--	--
LeRoy J. Phillips	--	--
Totals	$28,750	$46,000

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
SUPPLEMENTARY INFORMATION
YEAR 2000 ISSUE
(Unaudited)

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the District's operations as early as the year 1999.

The District has completed a process of identifying computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting the District's operations. The systems and equipment have been tested and results reviewed to determine that converted systems operate properly. The District's management believes that computer software and hardware are year 2000 compliant.

However, because of the unprecedented nature of the year 2000 issue, its effect and the success of related efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be year 2000 ready, or that parties with whom the District does business will be year 2000 ready.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON A COMPONENT UNIT FINANCIAL STATEMENT AUDIT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED JUNE 30, 1999

September 17, 1999

Board of Commissioners
St. Bernard Port, Harbor
and Terminal District
Chalmette, Louisiana

We have audited the financial statements of the St. Bernard Port, Harbor and Terminal District (the District), a component unit of the State of Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated September 17, 1999. 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 the 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 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 the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Board of Directors and management of the St. Bernard Port, Harbor and Terminal District, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these intended parties.

Duplantier, Hrapmann, Hogan & Maher LLP

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
FOR THE YEAR ENDED JUNE 30, 1999

September 17, 1999

Board of Commissioners
St. Bernard Port, Harbor
and Terminal District
Chalmette, Louisiana

Compliance

We have audited the compliance of St. Bernard Port, Harbor and Terminal District (the 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 each of its major federal programs for the year ended June 30, 1999 and that are the responsibility of the District. The requirements that are applicable to the District are: cash management, period of availability of funds, matching, and program income. Responsibility for other compliance requirements lies with the Louisiana Department of Transportation and are audited separately. 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 each of its major federal programs 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 generally accepted auditing standards; 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 of 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 District complied, in all material respects, with the requirements of cash management, period of availability of funds, matching and program income that are the responsibility of the District that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of 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 the requirements of cash management, period of availability of funds, matching, and program income that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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 for the information and use of the Board of Directors and management of the St. Bernard Port, Harbor and Terminal District, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these intended parties.

Duplantier, Hrapmann, Hogan & Maher LLP

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1999

MAJOR FEDERAL AWARDS
PASSED THROUGH THE STATE OF LOUISIANA

Federal CFDA Number	Department of Transportation	Expenditures
20.205	Highway Planning and Construction	$3,596,587

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1999

Summary of Auditor's Results:

1. An unqualified opinion was issued on the financial statements of the St. Bernard Port, Harbor and Terminal District for the year ended June 30, 1999.

2. The audit did not disclose any noncompliance which is material to the financial statements of the St. Bernard Port, Harbor and Terminal District.

3. An unqualified opinion was issued on compliance for major programs of the St. Bernard Port, Harbor and Terminal District for the year ended June 30, 1999.

4. The audit disclosed no findings which are required to be reported by OMB Circular A-133.

5. The St. Bernard Port, Harbor and Terminal District had one major program passed through the State of Louisiana, which was a Highway Planning and Construction grant from the Department of Transportation. Federal expenditures of this program were $3,596,587.

6. Type A programs are those programs with Federal awards expended during the year ended June 30, 1999 exceeding $300,000.

7. The St. Bernard Port, Harbor and Terminal District qualified as a low-risk auditee.

Findings Required To Be Reported Under Generally Accepted Governmental Auditing Standards:

None

Findings and Questioned Costs For Federal Awards

None

Corrective Action Plan

N/A

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 1999

PRIOR PERIOD FINDINGS:

NONE

DUPLANTIER, HRAPMANN, HOGAN & MAHER, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

MICHAEL J. O'ROURKE, C.P.A.
WILLIAM G. STAMM, C.P.A.
CLIFFORD J. GIFFIN, JR., C.P.A.
DAVID A. BURGARD, C.P.A.
LINDSAY J. CALUB, C.P.A., L.L.C.
DAVID J. MUMFREY, C.P.A.
GUY L. DUPLANTIER, C.P.A.
BONNIE J. McAFEE, C.P.A.

MICHELLE H. CUNNINGHAM, C.P.A.
KENNETH J. BROOKS, C.P.A., ASSOCIATE

1340 Poydras St., Suite 2000 • New Orleans, LA 70112
(504) 586-8866
FAX (504) 525-5888
cpa@dhhmcpa.com

A.J. DUPLANTIER, JR., C.P.A.
(1919-1985)
FELIX J. HRAPMANN, JR., C.P.A.
(1919-1990)
WILLIAM R. HOGAN, JR., C.P.A.
(1920-1996)
JAMES MAHER, JR., C.P.A.
(1921-1999)

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LA. C.P.A.'S

September 17, 1999

To the Board of Commissioners
St. Bernard Port, Harbor and
Terminal District
P. O. Box 1331
Chalmette, Louisiana 70044-1331

In planning and performing our audit of the financial statements of the St. Bernard Port, Harbor and Terminal District for the year ended June 30, 1999 we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control and its operations that we consider to be material weaknesses as defined above.

One immaterial condition of noncompliance to OMB Circular A-133 came to our attention during the course of the audit which is not considered a reportable condition; however, we felt this condition should be presented to management.

99-001
CASH MANAGEMENT:

The District receives federal funds through a contract administered by the Louisiana Department of Transportation and Development (DOTD). Payments for construction costs incurred are sent to the District upon approval by local and DOTD engineers and not through request initiated by the District. The District then disburses the funds to the contractors upon receipt of invoices from the contractors.

During the year ended June 30, 1999, the District earned interest in the amount of $921 on federal funds of $245,698 received for construction cost incurred. The payment was sent to the District upon the approval of local and DOTD engineers but the District was unable to disburse the funds because the contractor failed to submit an invoice for 29 days. OMB Circular A-133 requires that interest in excess of $100 earned on advances of federal funds be returned to the awarding agency.

It is our recommendation that the District remit the excess interest to the Department of Transportation and Development.

PRIOR YEAR FINDING:

98-001
PUBLIC BID LAW:

During the year ended June 30, 1998, the District completed a public works project in excess of $100,000. The project was split into several components of less than $100,000 each. The District sent out written invitations for quotations for most of the project's components. Per Louisiana R.S. 38:2212H, under no circumstances shall there be a division or separation of any public work project into smaller projects which division or separation would have the effect of avoiding the requirement that public work be advertised and let by contract to the lowest responsible bidder. Thus, the District was not in compliance with the Public Bid Law. We recommended that the District comply with the Public Bid Law for all public works projects.

This finding has since been resolved by the District.

This report is intended solely for the information and use of the Board of Commissioners, management, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

DUPLANTIER, HRAPMANN, HOGAN & MAHER, LLP

William Stamm

William G. Stamm, CPA
Partner

WGS/djt

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT

P. O. Box 1331, Chalmette, Louisiana 70044-1331
Telephone (504) 277-8418
Fax (504) 277-8471

Robert J. Scafidel, Ed.D.
Executive Director

Drew M. Heaphy
Director of Administration/
Planning Services

Charles H. Reppel
Director of
Operations/Marketing

Board of Commissioners
Sam A. Bella, Jr.
Harold C. Felger
Stephen C. Juan
Elton J. LeBlanc
LeRoy J. Phillips

RECEIVED
SEP 30 1999

September 24, 1999

Legislative Auditor
State of Louisiana
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Sir or Madam:

We are hereby responding to Audit Finding 99-001, reported in a management letter for the year ending June 30, 1999.

During the year ended June 30, 1999, the St. Bernard Port, Harbor and Terminal District (District) earned interest of $921.00 on Federal Funds of $245,698.00, received for construction cost incurred. The payment was sent to the District upon the approval of local engineers and the Department of Transportation and Development (DOTD) engineers, but the District was unable to disburse the funds because the contractor failed to submit an invoice for 29 days. OMB Circular A-133 requires that interest in excess of $100.00 earned on advances of Federal Funds be returned to the awarding agency.

It is our auditors' recommendation that the District remits the excess interest to the Department of Transportation and Development.

Our Corrective Action Plan is as follows:

> The District has notified the DOTD of the interest earned and is awaiting a determination from the DOTD as to whether the funds are to be applied to the construction of the project or returned to the DOTD.

Should you require further information, please do not hesitate to contact me.

Sincerely,

Robert J. Scafidel, Ed.D.
Executive Director

RJS/lpd

email: http://www.stbernardport.state.la.us