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REPORT

ST. BERNARD PARISH, JUDICIAL AND TERMINAL DISTRICT
(STATE OF LOUISIANA)

JUNE 30, 1968 AND 1967

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

Release Date 4/19/1988

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

INDEX TO REPORT

JUNE 30, 1986 AND 1987

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT.....	1 - 2
FINANCIAL STATEMENTS:	
Balance Sheets.....	3
Statements of Revenues, Expenses and Changes in Retained Earnings.....	4
Statements of Cash Flows	5
Notes to Financial Statements.....	6 - 16
SUPPLEMENTARY INFORMATION:	
Schedule of Compensation Paid Commissioners.....	17
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON A COMPOUND UNIT FINANCIAL STATEMENT AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	18
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO CASH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.....	19 - 28
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	23
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	29
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS.....	30



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INDEPENDENT AUDITOR'S REPORT

August 12, 1998

To the Board of Commissioners
St. Bernard Port, Harbor and
Terminal District
Delcambre, 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, 1998 and 1997, 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, Audit of States, Local Governments and Non-Profit Organizations. These 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, 1998 and 1997 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 financial information listed under the supplementary information section in the index to the report is presented for purposes of additional analysis and is not a required part of the component unit financial statements of the St. Bernard Port, Harbor and Terminal District. Such information has been subjected to the auditing procedures applied in the audits of the component unit financial statements and, in our opinion, is fairly presented 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 August 12, 1998 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.

Deplautis, Heymann, Harper & Baker LLP

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
 [STATE OF LOUISIANA]
 BALANCE SHEETS
 JUNE 30, 1999 AND 2000

ASSETS

	1999	1997
CURRENT ASSETS:		
Cash (Notes 1 and 2)	\$ 801,718	\$ 585,344
Accounts receivable (Note 1)	117,829	128,581
Prepaid expenses	382,284	318,175
Due from other governmental units (Note 4)	179,264	702,507
Total current assets	<u>1,341,095</u>	<u>1,633,587</u>
RESTRICTED ASSETS: (Note 1)		
Cash - bonds payable sinking fund	19,368	18,768
Cash - land purchase	—	618,880
Cash - employee savings	14,368	17,648
Total restricted assets	<u>33,736</u>	<u>655,196</u>
PROPERTY, PLANT AND EQUIPMENT: (Notes 1 and 5)		
Land and improvements	11,742,892	10,425,870
Dock and barge facilities	2,200,000	2,203,808
Buildings and improvements	5,882,024	4,830,730
Dock and marina facilities	588,118	588,118
Furniture and equipment	638,898	825,908
	<u>20,131,932</u>	<u>18,874,324</u>
Less accumulated depreciation	2,884,139	1,820,830
	<u>17,247,793</u>	<u>17,053,494</u>
Construction in progress	6,378,828	2,885,952
Net property, plant and equipment	<u>23,626,621</u>	<u>19,939,446</u>
TOTAL ASSETS	<u>\$ 25,810,486</u>	<u>\$ 22,305,649</u>

See accompanying notes.

LIABILITIES AND FUND EQUITY

	1998	1997
CURRENT LIABILITIES:		
Accounts payable	\$ 199,749	\$ 662,934
Due to employees - savings	14,389	37,344
Unearned lease revenue (Notes 1 and 6)	42,850	57,569
Current maturities of bond payable (Note 6)	40,000	38,000
Total current liabilities	<u>296,988</u>	<u>835,847</u>
LONG-TERM OBLIGATIONS: (Note 6)		
Accounts payable	37,390	34,368
Unearned lease revenue, less current portion (Note 1)	--	39,375
Compensated absences (Note 1)	85,323	94,325
Bond payable	387,000	437,800
Deferred credit - insurance payorol (Note 18)	58,000	50,000
Total long-term obligations	<u>627,713</u>	<u>1,055,868</u>
Total liabilities	<u>924,701</u>	<u>1,891,715</u>
CONTINGENCIES: (Notes 11 and 14)		
FUND EQUITY:		
Contributed capital (Note 7)	22,807,258	28,828,800
Retained earnings	<u>7,189,487</u>	<u>1,703,894</u>
Total fund equity	<u>29,996,745</u>	<u>30,532,694</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>29,996,745</u>	\$ <u>30,532,694</u>

ST. BERNARD PORT, RABBIT AND TERMINAL DISTRICT
 (STATE OF LOUISIANA)
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
FOR THE YEARS ENDED JUNE 30, 1958 AND 1957

	1958	1957
OPERATING REVENUES:		
Lease revenues (Notes 1, 4, and 8)	\$ 1,803,585	\$ 1,589,264
Other fees and permits	52,483	162,276
Sale of surplus property	1,279	23,632
Total operating revenues	<u>1,857,347</u>	<u>1,775,172</u>
OPERATING EXPENSES:		
Personnel services	725,734	649,147
Supplies and materials	15,078	12,889
Other services and charges	411,852	602,664
Loss on disposition of assets	6,064	1,481
Promotion and marketing	68,308	77,837
Professional services	212,273	219,149
Depreciation (Notes 3 and 5)	482,734	444,444
Total operating expenses	<u>2,295,348</u>	<u>2,362,411</u>
Operating loss	<u>(438,001)</u>	<u>(587,240)</u>
NONOPERATING REVENUES (EXPENSES):		
Taxes - ad valorem (Note 2)	585,666	524,708
Intergovernmental revenues (Note 4)	147,827	182,864
Federal funds	35,941	25,613
Interest earned	83,796	96,129
Interest expense on long-term debt	(32,824)	(24,827)
Total nonoperating revenues	<u>719,606</u>	<u>704,477</u>
Net income	281,605	117,237
RETAINED EARNINGS - Beginning of year	<u>1,780,894</u>	<u>1,668,657</u>
RETAINED EARNINGS - End of year	<u>\$ 1,962,499</u>	<u>\$ 1,785,894</u>

See accompanying notes.

ST. BERNARD PORT, HARBOR AND TERRACE DISTRICT
[STATE OF LOUISIANA]
STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	1998	1997
CASH FLOW FROM OPERATING ACTIVITIES:		
Operating loss	\$ (435,831)	\$ (517,240)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	482,234	444,444
Noncash lease revenues	(52,500)	(52,875)
Loss on disposition of assets	9,859	1,481
(Increase) decrease in assets:		
Accounts receivable	9,132	15,252
Prepaid expenses	53,911	49,384
Increase (decrease) in liabilities:		
Accounts payable	73,180	50,112
Compensated absences	(4,992)	6,110
Due to employees - Christmas savings	1,625	17,544
Unearned revenue	2,624	--
Total adjustments	568,743	628,862
Net cash provided by (used in) operating activities	<u>132,912</u>	<u>111,622</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:		
Federal funds	8,158	36,581
State bond proceeds	22,827	57,085
Ad valorem tax receipts	563,448	526,731
State revenue sharing	125,080	125,080
Net cash provided by noncapital financing activities	<u>719,513</u>	<u>745,477</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of property and equipment	(1,378,038)	(291,568)
Contributed capital - state bond proceeds	693,464	1,279,345
Contributed capital - Federal Funds	3,941,819	423,525
Construction in progress	(4,358,668)	(1,132,465)
Payment of long-term debt	(28,008)	(35,800)
Interest paid on long-term debt	(23,024)	(34,627)
Net cash provided by (used in) capital and related financing activities	<u>(1,388,348)</u>	<u>59,200</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Interest received on investments	63,766	35,121
Net increase (decrease) in cash	<u>(252,670)</u>	<u>72,443</u>
CASH - Beginning of year	<u>1,225,452</u>	<u>1,153,009</u>
CASH - End of year	<u>\$ 972,782</u>	<u>\$ 1,225,452</u>

See accompanying notes.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996 AND 1995

TABLE OF DEFINITIONS:

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 34:5211-5234. 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, piers 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. 34 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, BARRON AND TERMINAL DISTRICT
 (STATE OF LOUISIANA)
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1998 AND 1997

3. 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 measurement 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 deposed deposits and investments with original maturities of three months or less.

Accounts Receivable

The District uses the direct write off method to record the write-off of uncollectible accounts receivable. This method approximates method in accordance with 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, 1988 AND 1987

PAGE 8

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.

Contributed capital in the form of state bond proceeds received for the purchase of land is classified as a restricted asset until the cash is expended for the land.

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

Accrued 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 Revenue

The District's revenues include the leasing of land and improvements under depreciable 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. Deferred 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 term of the operating leases.

2. CASH

The District had cash bank balances totaling \$3,808,888 and \$1,987,980 at June 30, 1988 and 1987, 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, 1988 and 1987 were fully collateralized as required by law.

ST. BERNARD PARISH, HARBOUR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1990 AND 1987

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 1987 and 1986 levy was based was \$700,403,023 and \$744,401,316, respectively, with homestead exemptions of \$10,800,000 and \$103,195,175, respectively.

The District is permitted by Article 7, Section 29 of the 1974 Constitution and Act 296 of 1988 of the State of Louisiana to levy taxes up to \$6.00 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, 1988 and 1987 was \$3.02 per \$1,000, respectively.

All 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, 1988 and 1987 were 95.40 percent and 95.79 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, 1988 and 1987 was \$17,582 and \$18,808, respectively.

4. INTERGOVERNMENTAL REVENUES AND RECEIVABLES:

An analysis of intergovernmental revenues for the years ended June 30, 1988 and 1987 follows:

	1988	1987
State of Louisiana:		
State revenue sharing	\$125,800	\$125,800
State bond proceeds - Act 137	---	18,294
State bond proceeds - Act 85	22,827	47,818
Totals	<u>\$148,627</u>	<u>\$191,912</u>

Amounts due from other governmental units consisted of the following for the years ended June 30, 1988 and 1987:

	1988	1987
St. Bernard Parish Tax Collector	\$ 3,114	\$ 3,485
State bond proceeds	118,806	563,221
Federal funds	18,133	248,391
Totals	<u>\$139,053</u>	<u>\$815,107</u>

The remainder of appropriations due to the District, upon request, for Act 48 is \$493,258 as June 30, 1988.

ST. BERNARD PORT, BARBER AND TERMINAL DISTRICT
 (STATE OF LOUISIANA)
 MONTHLY FINANCIAL STATEMENTS
 JUNE 30, 1990 AND 1992

6. PROPERTY, PLANT, EQUIPMENT AND DEPRECIATION:

A summary of changes in property, plant, equipment and depreciation for the years ended June 30, 1990 and 1992 follows:

1990	Balance July 1, 1991	Additions	Retirements	Balance June 30, 1990
Land and improvements	\$20,435,051	\$ 807,843	\$ --	\$21,242,894
Dock and barge facilities	2,285,000	--	--	2,285,000
Buildings and improvements	4,838,737	651,287	--	5,490,024
Dock and marina facilities	568,118	--	--	568,118
Furniture and equipment	625,901	34,782	25,738	634,945
Totals	<u>\$28,752,807</u>	<u>\$1,493,912</u>	<u>\$25,738</u>	<u>\$30,220,981</u>
	Accumulated Depreciation July 1, 1991	Deprecia- tion Expense	Retirements	Accumulated Depreciation June 30, 1990
Dock and barge facilities	\$ 648,667	\$ 186,867	\$ --	\$ 835,534
Buildings and improvements	311,120	185,000	--	496,120
Dock and marina facilities	186,148	47,792	--	233,940
Furniture and equipment	254,300	80,880	16,126	318,054
Totals	<u>\$1,400,235</u>	<u>\$460,539</u>	<u>\$16,126</u>	<u>\$1,876,704</u>
	Balance July 1, 1992	Additions	Retirements	Balance June 30, 1992
Land and improvements	\$20,435,051	\$ --	\$ --	\$20,435,051
Dock and barge facilities	2,285,000	--	--	2,285,000
Buildings and improvements	4,240,540	270,269	--	4,510,809
Dock and marina facilities	568,118	--	--	568,118
Furniture and equipment	625,901	89,246	25,181	789,966
Totals	<u>\$28,954,610</u>	<u>\$369,515</u>	<u>\$50,361</u>	<u>\$30,273,764</u>
	Accumulated Depreciation July 1, 1992	Deprecia- tion Expense	Retirements	Accumulated Depreciation June 30, 1992
Dock and barge facilities	\$ 648,667	\$ 348,887	\$ --	\$ 997,554
Buildings and improvements	354,290	358,420	--	712,710
Dock and marina facilities	238,981	47,792	--	286,773
Furniture and equipment	186,081	83,180	15,908	285,169
Totals	<u>\$1,437,019</u>	<u>\$818,279</u>	<u>\$15,908</u>	<u>\$2,276,306</u>

ST. BERNARD PARISH, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998 AND 1997

6. **GENERAL LONG-TERM OBLIGATIONS:**

Bonds Payable:

In April of 1996, the District issued bonds payable in the amount of \$600,000. These bonds have stated interest rates ranging from 7.25% to 7.75% and maturities ranging from October of 1998 to April of 2006. The following is a summary of the bonds payable transactions for the years ended June 30, 1998 and 1997.

	1998	1997
Outstanding at beginning of year	\$468,000	\$468,000
Additions	---	---
Reductions	130,000	(15,000)
Outstanding at end of year	<u>\$338,000</u>	<u>\$453,000</u>

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
1998	\$ 40,000	\$ 30,933	\$ 70,933
1999	43,000	27,296	70,296
2000	47,000	24,185	71,185
2001	51,000	21,538	72,538
2002	55,000	17,430	72,430
2003-2006	191,000	25,854	216,854
	<u>\$ 427,000</u>	<u>\$188,236</u>	<u>\$615,236</u>

Other Long-term Obligations:

The following is a summary of changes in other long-term obligations for the years ended June 30, 1998 and 1997:

	Balance July 1, 1997	Additions	Retirements	Balance June 30, 1998
	1998			1998
Compensated absences	\$ 94,325	\$ --	\$ 8,992	\$ 103,317
Unearned lease revenue	58,375	--	38,375	--
Deferred credit	50,000	---	---	50,000
Totals	<u>\$192,700</u>	<u>\$---</u>	<u>\$47,367</u>	<u>\$145,333</u>
	Balance July 1, 1998	Additions	Retirements	Balance June 30, 1997
	1998			1997
Compensated absences	\$ 86,215	\$ 8,318	\$ --	\$ 94,533
Unearned lease revenue	81,835	--	50,500	31,335
Deferred credit	50,000	---	---	50,000
Totals	<u>\$168,050</u>	<u>\$ 8,318</u>	<u>\$50,500</u>	<u>\$175,368</u>

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
 (STATE OF LOUISIANA)
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1998 AND 1997

6. GENERAL LONG-TERM OBLIGATIONS: (Continued)

Other Long-Term Obligations: (Continued)

Reported lease revenue at June 30, 1998 and 1997 is as follows:

	1998	1997
Balance, June 30	\$ 39,375	\$ 91,875
Less: current portion	39,375	92,500
Long-term portion	\$ --	\$ 1,375

For the years ended June 30, 1998 and 1997, \$50,500 and \$42,875, respectively, was recognized as lease revenue from these leases.

The unearned lease revenue to be recognized in the next year is \$39,375.

7. CONTRIBUTED CAPITAL:

A cumulative summary of contributed capital at June 30, 1998 is as follows:

Residual equity transfers	\$ 627,001
State bond proceeds	30,162,268
State general appropriations	176,867
State Rural Development proceeds	279,900
Federal funding	4,812,565
Less disposition of and depreciation on property, plant, and equipment constructed or acquired from State bond proceeds	(132,138)
Total	\$32,827,563

A summary of changes in contributed capital for the years ended June 30, 1998 and 1997 follows:

	1998	1997
Contributed capital at July 1	\$18,600,692	\$16,761,840
State bond proceeds	30,162,268	1,181,157
Federal funding	3,356,362	555,580
Contributed capital at June 30	<u>\$32,827,563</u>	<u>\$18,600,692</u>

8. LEASE REVENUES:

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

ST. BERNARD PORT, BARRON AND TERMINAL DISTRICT
 (STATE OF LOUISIANA)
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2000 AND 1999

6. LEASE REVENUES: (Continued)

YEAR ENDED JUNE 30	
1999	\$1,000,078
2000	809,892
2001	809,180
2002	809,418
2003	878,452
TOTAL	<u>4,307,000</u>

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 of the Deltacetic Strip. The terms of the leases are indefinite, thus the District will receive approximately \$944 annually under these leases.

9. LEASE EXPENSE COMMITMENTS:

The District leases two vehicles under operating leases. The first lease requires monthly lease payments of \$699 and expires August 1998. The second lease requires monthly lease payments of \$841 and expires April 2000. Future minimum lease payments for the vehicles are as follows:

YEAR ENDED JUNE 30	AMOUNT
1999	\$ 8,780
2000	6,420

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 1997 was \$25,408 and \$23,994, respectively.

10. INDUSTRIAL DEVELOPMENT REVENUE BONDS:

On December 29, 1988 the District entered into an agreement with Baynar & 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. Baynar & 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, 1998 AND 1997

12. PENSION PLAN:

Substantially all employees of the District are members of the Louisiana State Employees' Retirement System (the System). The System, a cost-sharing, multiple-employer defined benefit public employee retirement system, is controlled and administered by a separate Board of Trustees. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the System at P. O. Box 44233, Baton Rouge, Louisiana 70804-4233.

All permanent employees, who meet the age requirements and who are paid wholly or in part from the District funds must be members of the System. Under the plan, employees who retire, with 30 years of accredited service, or at or after age 50 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 become members of the System on or after July 3, 1985, are not eligible for the \$300 addition to the annual retirement benefit formula. Effective January 1, 1994, employees may choose to retire with 20 years of service at any age, with an actuarial reduced benefit.

Annual retirement benefits paid under the plan cannot exceed the lesser of 100% of average compensation or certain specified dollar amounts of actuarially determined monetary limits which vary depending upon the member's age at retirement. A member leaving employment before attaining minimum retirement age but after completing certain minimum service requirements becomes eligible for a benefit provided the member lives to the minimum service retirement age and does not withdraw his accumulated contributions. The System also provides death and disability benefits. Benefits are established by state statute.

State statute requires employees covered by the plan to contribute 7.5% of their salary to the System. For the years ended June 30, 1998 and 1997, the District must contribute 13.0% and 12.4%, respectively of the salary for each employee for a total contribution of 20.5% and 19.9%, respectively, per covered employee. The District's contributions to the System for the years ending June 30, 1998, 1997, and 1996 were \$48,767, \$48,137 and \$47,345, respectively, equal to the required contributions for each year. During the years ended June 30, 1998 and 1997, \$12,662 and \$18,825, respectively, was remitted to the System by the St. Bernard Parish Tax Collector from ad valorem tax deductions.

13. DEFERRED COMPENSATION PENSION FUND:

The Louisiana Public Employees Deferred Compensation Plan (the Plan) was adopted by the Louisiana Deferred Compensation Commission effective September 25, 1982. The plan was established in accordance with Louisiana Revised Statutes 42:1301 through 42:1380 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.

**ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1988 AND 1987**

13. DEFERRED COMPENSATION FUND: (Continued)

All deferred compensation, property and rights purchased with deferred compensation and income or earnings attributable to deferred compensation, property or rights shall constitute 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, 1988, the Plan will be amended whereby 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 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
3-4	40
5-9	60
10-14	80
15 and over	100

Contributions to the Plan by employees totaled \$28,245 and \$28,565, respectively, for the years ended June 30, 1988 and 1987. Contributions to the Plan by the District totaled \$14,120 and \$14,270, respectively, for the years ended June 30, 1988 and 1987.

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 contacted 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. DEFERRED CREDIT - INSURANCE PAYMENT:

During the year ended June 30, 1985, the District received \$50,000 of insurance proceeds for damage to its facilities. Since the repairs to the facilities have not yet commenced, the insurance proceeds are recorded as a deferred credit to be offset against the cost of the repairs when made.

16. RECLASSIFICATION:

Certain amounts in 1987 have been reclassified to conform to the 1988 presentation.

ST. BERNARD PORT, HARBOUR AND TERMINAL DISTRICT
 (STATE OF LOUISIANA)
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1998 AND 1997

17. 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 its 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. Upon retirement, all full-time District employees became eligible to receive these benefits. At June 30, 1998 and 1997, 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, 1998 and 1997, the total cost of premiums was \$10,564 and \$8,570, respectively.

18. RSE 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 these estimates.

19. FEDERAL FUNDS:

The District has received Federal Highway Administration funds passed through the Louisiana Department of Transportation and Development (DOTD) in the amounts of \$3,812,318 and \$981,573 for the years ended June 30, 1998 and 1997. 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 identifying, 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 ENDING JUNE 30, 1958 AND 1957

	SALARY	
	1958	1957
Sam A. Bette, Jr.	\$ --	\$ --
Harold G. Felger	45,000	43,500
Stephen C. Juan	--	--
Elton J. LeBlanc	--	--
LeRoy J. Phillips	---	---
Totals	<u>\$45,000</u>	<u>\$43,500</u>

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, 1988

August 12, 1988

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, 1988, and have issued our report thereon dated August 12, 1988. 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. However, we noted an immaterial instance of noncompliance that we have reported to management in a separate letter dated August 12, 1988.

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 of management, the State of Louisiana and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Douglas Thompson, Roger L. Maden 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, 1988)

August 12, 1988

Board of Commissioners
St. Bernard Port, Harbor
and Terminal District
Orleans, 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, 1988 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 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 District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1988.

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 of management, the State of Louisiana and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Boylan, Chapman, Hogan & Mason LLP

ST. BERNARD PORT, BARBER AND TERREBIL DISTRICT
(STATE OF LOUISIANA)
SCHEDULE OF EXPENDITURES OF FEDERAL MONIES
FOR THE YEAR ENDED JUNE 30, 1958

MAJOR FEDERAL MONIES
PASSED THROUGH THE STATE OF LOUISIANA

Federal CFDA Number	Department of Transportation	Expenditures
20.285	Highway Planning and Construction	<u>82,812,512</u>

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
 (STATE OF LOUISIANA)
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 1998

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, 1998.
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, 1998.
4. The audit disclosed no findings which are required to be reported by DMS Circular 8-193.
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 \$3,412,300.
6. Type A programs are those programs with federal awards expended during the year ended June 30, 1998 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, HARBOUR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
ANNUAL SCHEDULE OF PRISON AMOUNT FINDINGS
FOR THE YEAR ENDING JUNE 30, 1950

FROM PRISON FINDINGS:

NONE



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WILLIAM D. BEARD, C.P.A.
WILLIAM D. BEARD, C.P.A.

August 12, 1998

To the Board of Commissioners
St. Bernard Port, Harbor and
Terminal District
P. O. Box 1551
Chalmette, Louisiana 70044-1551

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, 1998 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 condition of noncompliance to state law 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.

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. For Louisiana R.S. 38:223(B), 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 is not in compliance with the Public Bid Law.

August 12, 1988

According to management, the project was not originally expected to exceed a cost of \$180,000. After quotations for the project's components were received, it was apparent that the project was a public work that should be advertised in accordance with the Public Bid Law. However, the District was unable to advertise for bids at that time and was required to go ahead with the project or they would lose the customer and approximately \$20,000 in annual revenue.

We recommend that the District comply with Public Bid Law for all future public works projects.

PRICE YEAR FINDING:

87-081
FIXED ASSETS:

During testing of the District's fixed asset records, it was noted that two pieces of equipment were located at the personal residence of an employee without management's knowledge. The District did not have a formal policy regarding personal use of District assets by employees. Such a policy would allow greater control over the District's fixed assets. We recommended that the District adopt and maintain a formal policy prohibiting personal use of the District's assets by employees.

This finding has since been resolved by the District.

This report is intended for the information of the Board of Commissioners, management, and the Legislative Auditor.

Very truly yours,

DEPLANTIER, HADJIBAS, HOGAN & HINES, LLP



William E. Stamm, CPA
Partner

WBJ/jt



ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT

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Robert J. Scuderi, M.D.
 Executive Director

Donald C. Falger
 Director of Finance

Chapin B. Strupp
 Director of
 Operations/Maintenance

Board of Commissioners

Paul A. Smith, Jr.
 Ronald C. Falger
 Stephen C. Jones
 Elton D. LaBlanc
 LeRoy J. Phillips

September 29, 1998

Legislative Auditor
 State of Louisiana
 P. O. Box 94397
 Baton Rouge, LA 70804-8397

Dear Sir or Madam:

We are hereby responding to Audit Finding 98-001, reported in a management letter for the year ending June 30, 1998.

The project in question was not originally expected to exceed a cost of \$100,000. It became apparent that the project should be advertised in accordance with the Public Bid Law only after quotations for components of the project were received. At that time, we were unable to advertise for bids due to a deadline imposed by the potential customer and compliance with the terms of the lease. A delay would have caused a loss of approximately \$70,000 in annual revenue.

Our Corrective Action Plan is as follows:

I have reviewed the requirements of the Public Bid Law with the St. Bernard Port, Harbor and Terminal District employees involved in the procurement process. I intend to make certain in the future that we fulfill all requirements of the Public Bid Law without exception.

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

Sincerely,

Robert J. Scuderi, M.D.
 Executive Director

RJS/psd