

ST. BERNARD PARISH, WARDEN AND TOWNAL DISTRICT  
(STATE OF LOUISIANA)

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JUNE 30, 1997 AND 1998

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

Very truly yours,

DUPONTIER, SHAWMAN, BROWN & PAERL, LLP

*William E. Scamm*

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William E. Scamm, CPA  
Partner

WES/TK



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August 8, 1993

To the Board of Commissioners  
St. Bernard Port, Harbor and  
Terminal District  
P. O. Box 1333  
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, 1993 we considered its internal control structure 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 structure.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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 the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure and its operations that we consider to be material weaknesses as defined above.

One condition of noncompliance to state laws 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.

#### 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 does 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 recommend that the District adopt and announce a formal policy prohibiting personal use of the District's assets by employees. [It is our understanding that such a policy has been adapted and disseminated to employees subsequent to audit fieldwork.]

ST. BERNARD PORT, BARRIER AND TERMINAL DISTRICT  
 (STATE OF LOUISIANA)  
 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
 FOR THE YEAR ENDED JUNE 30, 1992

PROGRAM REQUIREMENT	FINDINGS, DISCREPANCY	[CORRECTIVE] OR QUESTIONED DOLLARS
General Requirements		
Highway Planning and Construction/ Civil Rights	(1) Federal regulations require that recipients of federal funds have an announced and formal policy of non-discrimination. As June 30, 1990, the District did not have such a policy. A policy has been developed and announced subsequent to June 30, 1990.	\$.....

ST. BERNARD PORT, HARBOUR AND TERMINAL DISTRICT  
 (STATE OF LOUISIANA)  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 1987

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, 1987.
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, 1987.
4. The audit disclosed no findings which are required to be reported by GAO 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 \$801,523.
6. Type A programs are those programs with federal awards expended during the year ended June 30, 1987 exceeding \$100,000.
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

ST. BERNARD, POINT, HARBOR AND TERRITORIAL DISTRICT  
 (STATE OF LOUISIANA)  
 SCHEDULE OF EXPENDITURES OF FEDERAL MONIES  
 FOR THE YEAR ENDING JUNE 30, 1952

MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS  
 PASSED THROUGH THE STATE OF LOUISIANA

Federal CFDA Number	Department of Transportation	Expenditures
20.706	Highway Planning and Construction	\$ 981,611

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.

*Debra L. Hagan, CPA, Director*



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, 1991

August 9, 1991

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, 1991. The District's major federal programs are 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, Office of State, 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 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, 1991.

### 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 requirements 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.

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, 1997

August 8, 1997

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, 1997, and have issued our report thereon dated August 8, 1997. 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 financial instance of noncompliance that we have reported to management in a separate letter dated August 8, 1997.

#### 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 their 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.

*Debra L. Thompson, CPA*

ST. BERNARD PARISH, HARBOR AND TERMINAL DISTRICT  
 (STATE OF LOUISIANA)  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF COMPENSATION PAID COMMISSIONERS  
 FOR THE YEARS ENDED JUNE 30, 1997 AND 1998

	SALARY	
	1997	1998
Sam A. Della, Jr.	\$ --	\$ --
Harold G. Folger	43,300	41,680
Stephen E. Jean	--	--
Ellen J. Laflanc	--	--
LeRoy J. Phillips	--	--
Totals	\$43,300	\$41,680

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT  
 (STATE OF LOUISIANA)  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1997 AND 1996

**17. CHANGE IN APPLICATION OF ACCOUNTING PRINCIPLE:**

During the year ended June 30, 1996, the District changed its method of accounting for depreciation related to capital assets acquired with funds received from governmental units to conform with the method used by the State of Louisiana. In the years prior to June 30, 1996, depreciation related to assets purchased or constructed from governmental receipts was charged to contributed capital. Beginning in the year ended June 30, 1996, depreciation related to those assets was charged to retained earnings and not contributed capital. The change had no effect on net income, net assets or the total equity of the District.

**18. PROVISIONED 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 become eligible to receive these benefits. At June 30, 1997 and 1996, two retirees were eligible to receive benefits and were doing so. The District's costs of providing retired health care insurance benefits are recognized as expenses when the monthly premiums are paid. For the years ended June 30, 1997 and 1996, the total cost of premiums was \$9,976 and \$6,180, respectively.

**19. 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 these estimates.

**20. FEDERAL FUNDS:**

The District has received Federal Highway Administration funds passed through the Louisiana Department of Transportation and Development (DOTD) in the amounts of \$961,513 and \$288,258 for the years ended June 30, 1997 and 1996. The District has entered into a cooperative roadway 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 any federal compliance requirements lies with DOTD.

ST. BERNARD PORT, HARBOUR AND TERMINAL DISTRICT  
 STATE OF LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1992 AND 1991

19. DEFERRED COMPENSATION - PENSION FUND: (Continued)

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	\$ 70
3-5	80
6-8	90
10-14	95
15 and over	100

Contributions to the Plan by employees totaled \$78,585 and \$71,840, respectively, for the years ended June 30, 1987 and 1986. Contributions to the Plan by the District totaled \$13,518 and \$12,680, respectively, for the years ended June 30, 1987 and 1986.

24. 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.

In 1990, a project involving the installation of a pump on the District's property was substantially completed. Several subcontractors involved in this project had not been paid by the general contractor for their services as of June 30, 1990 and as a result have placed liens on the pump totaling \$48,194. Retainage withheld of \$32,538 on this contract has been turned over to the local authorities for settlement of these liens. Any remaining balance of the liens is expected to be paid by the performance bond issued on this contract.

25. DEFERRED CREDIT - INSURANCE PREMIUM:

During the year ended June 30, 1995, the District received \$68,808 of insurance proceeds for damage to its facilities. Since the repairs to the facilities have not commenced as of year end, the insurance proceeds are recorded as a deferred credit to be offset against the cost of the repairs when made.

26. RECLASSIFICATION:

Certain amounts in 1996 have been reclassified to conform to the 1993 presentation.

ST. ROBERT PORT, BARBOUR AND TERREBIL DISTRICT  
[STATE OF LOUISIANA]  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1993 AND 1992

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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 44213, Baton Rouge, Louisiana 70804-4213.

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 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 become members of the System on or after July 1, 1990, are not eligible for the 1990 addition to the annual retirement benefit formula. Effective January 1, 1990, 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 3.5% of their salary to the System. For the years ended June 30, 1992 and 1990, the District must contribute 12.4% and 12.2%, respectively of the salary for each employee for a total contribution of 15.9% and 15.7%, respectively, per covered employee. The District's contributions to the System for the years ending June 30, 1991, 1990, and 1989 were \$43,133, \$47,345 and \$43,181, respectively, equal to the required contributions for each year.

13. DEFERRED COMPENSATION PENSION FUND:

The Louisiana Public Employees Deferred Compensation Plan (the Plan) was adopted by the Louisiana Deferred Compensation Commission effective September 29, 1982. The plan was established in accordance with Louisiana Revised Statutes 42:1360 through 42:1380 and section 467 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.

All deferred compensation, property and rights purchased with deferred compensation and income or savings attributable to deferred compensation, property or rights shall constitute assets of the State of Louisiana and remain vested and available to a participant or beneficiary) the property of the State of Louisiana, subject only to the claim of the general creditors of the State of Louisiana. 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.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT  
 (STATE OF LOUISIANA)  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1997 AND 1996

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 Ship to various businesses. These leases are reported as operating leases. Minimum future rentals on ascertainable leases as of June 30, 1997 are as follows:

YEAR ENDED JUNE 30	
1998	\$1,091,000
1999	1,117,518
2000	1,107,615
2001	645,818
2002	99,000
TOTAL	\$4,061,051

In addition to the lease revenues above, the District became the assignee of several leases for pipeline right of way when the District acquired the property at the Chalmette Ship. The terms of the leases are indefinite, thus the District will receive approximately \$8,000 annually under these leases.

9. LEASE EXPENSE COMMITMENTS:

Commitments under noncancelable operating leases provide for the following future minimum rentals:

YEAR ENDED JUNE 30	AMOUNT
1998	\$ 8,247
1999	999
	\$ 9,246

Rental expenses under operating leases for the years ended June 30, 1997 and 1996 were \$29,894 and \$30,160, respectively.

10. INDUSTRIAL DEVELOPMENT REVENUE BONDS:

On December 20, 1984 the District entered into an agreement with Raynor & 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. Raynor & 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, HARBOUR AND TERMINAL DISTRICT  
 (STATE OF LOUISIANA)  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1987 AND 1986

6. FIXED-TERM OBLIGATIONS (Continued)

FIXED-TERM OBLIGATIONS (Continued)

Incurred lease revenue at June 30, 1987 and 1986 is as follows:

	1987	1986
Balance, June 30	\$ 91,876	\$144,760
Less: Current portion	52,580	57,000
Long-term portion	\$ 39,296	\$ 87,760

For the years ended June 30, 1987 and 1986, \$32,875 and \$68,758, respectively, was recognized as lease revenue from these leases.

Following is a schedule of the unearned lease revenue to be recognized over the next two years:

YEAR ENDED	AMOUNT
JUNE 30,	
1988	\$ 57,480
1989	30,280
	\$ 87,760

7. CONTRIBUTED CAPITAL:

A cumulative summary of contributed capital at June 30, 1987 is as follows:

Residual equity transfers	\$ 417,831
State bond proceeds	27,467,260
State general appropriations	518,800
State Rural Development proceeds	269,000
Federal funding	1,216,108
Less disposition of and depreciation on property, plant, and equipment constructed or acquired from State bond proceeds	1,187,208
Total	\$28,839,802

A summary of changes in contributed capital for the years ended June 30, 1987 and 1986 follows:

	1987	1986
Contributed capital at July 1	\$26,782,540	\$21,728,218
State general appropriations	--	518,800
State bond proceeds	1,181,192	4,593,800
Federal funding	295,290	294,538
Contributed capital at June 30	\$28,259,022	\$26,535,356



ST. RICHARD PORT, HARBOR AND TERMINAL DISTRICT  
(STATE OF LOUISIANA)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1990 AND 1988

6. GENERAL LONG-TERM OBLIGATIONS:

Ready Payable:

In April of 1988, the District issued bonds payable in the amount of \$400,000. These bonds have stated interest rates ranging from 7.25% to 7.75% and maturities ranging from October of 1990 to April of 2000. The following is a summary of the bonds payable transactions for the years ended June 30, 1989 and 1988.

	1989	1988
Outstanding at beginning of year	\$300,000	\$ --
Additions	--	400,000
Reductions	(175,000)	--
Outstanding at end of year	\$125,000	\$400,000

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
1988	\$ 30,000	\$ 33,604	\$ 63,604
1989	40,000	38,233	78,233
1990	43,800	37,296	81,096
1991	47,800	35,186	82,986
1992	51,800	31,330	83,130
1993-2000	246,800	41,332	288,132
	\$1,460,800	\$179,383	\$1,640,183

Other Long-term Obligations:

The following is a summary of changes in other long-term obligations for the years ended June 30, 1989 and 1988:

1989	Balance	Additions	Retirements	Balance
	July 1, 1988			June 30, 1989
Compensated absences	\$ 86,215	\$ 8,130	\$ --	\$ 94,345
Unearned lease revenue	31,315	--	62,600	38,315
Deferred credit	50,000	--	--	50,000
Totals	\$167,530	\$8,130	\$62,600	\$213,060
1988	Balance	Additions	Retirements	Balance
	July 1, 1987			June 30, 1988
Compensated absences	\$ 67,218	\$12,083	\$13,096	\$ 66,218
Unearned lease revenue	144,758	--	62,875	91,883
Deferred credit	50,000	--	--	50,000
Totals	\$262,976	\$12,083	\$75,971	\$299,088

ST. BERNARD PARISH, HARBOUR AND TERMINAL DISTRICT  
 (STATE OF LOUISIANA)  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1997 AND 1996

4. SEE FROM OTHER GOVERNMENTAL UNITS: (Continued)

The remainder of appropriations due to the District, upon request, for Act 1107 and Act 49 is \$-0- and \$953,900, respectively, at June 30, 1997.

5. PROPERTY, PLANT, EQUIPMENT AND DEPRECIATION:

A summary of changes in property, plant, equipment and depreciation for the years ended June 30, 1997 and 1996 follows:

1997	Balance			Balance
	July 1, 1996	ADDITIONS	RETIREMENTS	June 30, 1997
Land and Improvements	\$18,426,861	\$ --	\$ --	\$18,426,861
Dock and Barge Facilities	2,293,800	--	--	2,293,800
Buildings and Improvements	4,560,500	970,267	--	4,838,767
Dock and marine facilities	568,318	--	--	568,318
Furniture and equipment	258,510	89,788	80,790	367,508
Totals	\$19,315,989	\$1,059,955	\$161,580	\$19,814,364
	Accumulated	Deprecia-		Accumulated
	Depreciation	tion		Depreciation
	July 1, 1996	Expense	Retirements	June 30, 1997
Dock and Barge Facilities	\$ 501,795	\$ 348,667	\$ --	\$ 850,462
Buildings and Improvements	154,700	358,420	--	513,120
Dock and marine facilities	328,864	47,291	--	376,155
Furniture and equipment	188,861	89,380	78,980	299,261
Totals	\$1,174,220	\$ 843,758	\$178,980	\$1,839,000
	Balance			Balance
	July 1, 1995	ADDITIONS	RETIREMENTS	June 30, 1996
Land and Improvements	\$ 8,426,861	\$8,808,600	\$ --	\$18,435,461
Dock and Barge Facilities	2,293,800	--	--	2,293,800
Buildings and Improvements	3,698,600	2,869,440	--	4,560,500
Dock and marine facilities	568,318	--	--	568,318
Furniture and equipment	258,510	318,261	9,375	585,946
Totals	\$13,345,089	\$12,095,881	\$ 9,375	\$18,311,315
	Accumulated	Deprecia-		Accumulated
	Depreciation	tion		Depreciation
	July 1, 1995	Expense	Retirements	June 30, 1996
Dock and Barge Facilities	\$ 359,820	\$ 348,667	\$ --	\$ 501,795
Buildings and Improvements	82,345	89,456	--	184,799
Dock and marine facilities	250,104	47,291	--	328,864
Furniture and equipment	149,542	64,793	8,399	299,261
Totals	\$ 811,811	\$ 549,207	\$ 8,399	\$1,393,459

**ST. BERNARD PARISH, HARBOR AND TERMINAL DISTRICT**  
 (STATE OF LOUISIANA)  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 1987 AND 1986**

**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 1986 and 1985 levy was based was \$296,400,318 and \$294,164,467, respectively, with homestead exemptions of \$103,146,318 and \$102,000,000, respectively.

The District is permitted by Article 7, Section 25 of the 1964 Constitution and Act 228 of 1958 of the State of Louisiana to levy taxes up to 25.00 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 the years ended June 30, 1987 and 1986 was \$3.20 and \$3.25 per \$1,000, respectively.

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, 1987 and 1986 were 99.75 percent and 99.25 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, 1987 and 1986 was \$18,020 and \$18,447, respectively.

**4. DUE FROM OTHER GOVERNMENTAL UNITS:**

At June 30, 1987, amounts due from other governmental units consisted of \$1,996 from the St. Bernard Parish Tax Collector, \$133,221 of State bond proceeds receivable and \$548,200 of Federal funds. At June 30, 1986, amounts due from other governmental units consisted of \$3,327 from the St. Bernard Parish Tax Collector, \$280,313 from State bond proceeds, and \$28,855 of Federal funds.

An analysis of intergovernmental revenues for the years ended June 30, 1987 and 1986 follows:

	1987	1986
State of Louisiana:		
State revenue sharing	\$335,808	\$275,800
State general appropriations	--	72,389
State bond proceeds - Act 1137	18,254	--
State bond proceeds - Act 45	42,918	242,500
Totals	<u>\$396,980</u>	<u>\$590,689</u>

ST. BERNARD PARISH, HARRIS AND TERMINAL DISTRICT  
 STATE OF LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1997 AND 1996

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.

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 cancellable 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:

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.

The District had cash bank balances totaling \$1,344,517 and \$642,405 at June 30, 1997 and 1996, respectively. The cash at June 30, 1997 represents one Sercy account which is earning interest at varying rates and two non-interest bearing imprest accounts. At June 30, 1996, cash represented one interest-bearing account and one non-interest bearing imprest account. At June 30, 1997 and 1996, the District also had an interest bearing account to accumulate funds necessary to meet the annual principal and interest payments related to the District's certificate of indebtedness.

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 is a custodial bank. The District's deposits at June 30, 1997 and 1996 were fully collateralized as required by law.

ST. BERNARD PORT, BARRON AND TERMINAL DISTRICT  
 (STATE OF LOUISIANA)  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1987 AND 1986

I. 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 be 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 18, 1986 unless these 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 record the write-off of uncollectible accounts receivable. This method approximates methods 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, HARBOUR AND TERMINAL DISTRICT  
(PART OF BOUTLIER)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1997 AND 1996

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 34:0781-1704. 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 sue 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. 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, HARBOR AND TERMINAL DISTRICT  
 (STATE OF LOUISIANA)  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED JUNE 30, 1997 AND 1996

	1997	1996
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating loss	\$ (817,248)	\$ (896,402)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	484,444	331,312
Noncash lease revenues	(52,815)	(86,750)
Net book value of assets retired	1,400	528
(Increase) decrease in assets:		
Accounts receivable	15,252	(81,085)
Prepaid insurance	48,364	(45,424)
Increase (decrease) in liabilities:		
Accounts payable and other	50,132	(706,627)
Compensated absences	46,118	(295)
Total adjustments	618,918	(796,080)
Net cash used in operating activities	(191,302)	(620,560)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Federal funds	36,684	---
State bond proceeds	52,665	269,125
State general appropriations	---	300,128
Ad valorem tax receipts	526,731	455,428
State revenue sharing	125,000	125,000
Net cash provided by noncapital financing activities	740,079	1,150,781
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition of property and equipment	(393,568)	(4,811,760)
Contributed capital - state bond proceeds	1,328,345	8,240,128
Contributed capital - state general appropriations	---	118,824
Contributed capital - federal funds	493,625	242,121
Construction in progress	(1,137,435)	(517,120)
Noncash penalty income	---	309,000
Payment of long-term debt	(35,000)	---
Interest paid on long-term debt	(34,627)	---
Proceeds from issuance of long-term debt	---	508,000
Net cash provided by (used in) capital and related financing activities	58,990	111,459
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received on investments	36,121	15,731
<b>NET INCREASE IN CASH</b>	<b>748,666</b>	<b>411,711</b>
<b>CASH - Beginning of year</b>	<b>482,812</b>	<b>72,101</b>
<b>CASH - End of year</b>	<b>\$ 1,232,998</b>	<b>\$ 489,812</b>

See accompanying notes.

ST. BICHAUD POST, BARRON AND TERMINAL DISTRICT  
 (STATE OF LOUISIANA)  
 STATEMENTS OF REVENUES, EXPENSES AND  
 CHANGES IN RETAINED EARNINGS  
 FOR THE YEARS ENDED JUNE 30, 1997 AND 1996

	1997	1996
<b>OPERATING REVENUES:</b>		
Lease revenues (Notes 1, 4, and 8)	\$ 1,649,264	\$ 1,382,964
Rider fees and permits	157,275	33,370
Sale of surplus property	27,051	58,112
Total operating revenues	1,833,590	1,474,446
<b>OPERATING EXPENSES:</b>		
Personal services	643,347	640,583
Supplies and materials	12,889	16,361
Other services and charges	913,554	880,482
Promotion and marketing	77,837	74,138
Professional services	216,189	420,063
Depreciation (Note 5)	444,444	331,312
Total operating expenses	2,348,259	2,363,919
Operating loss	(514,669)	(889,473)
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Taxes - ad valorem (Note 3)	524,708	459,912
Intergovernmental revenues (Note 4)	182,564	444,568
Federal funds	25,013	33,818
Interest earned	36,125	34,501
Penalty income	--	162,803
Interest expense on long-term debt	(34,627)	--
Total nonoperating revenues	734,773	1,035,602
Net income	219,104	146,129
<b>RETAINED EARNINGS - Beginning of year</b>	1,666,863	1,520,733
<b>RETAINED EARNINGS - End of year</b>	\$ 1,785,967	\$ 1,666,863

See accompanying notes.



## LIABILITIES AND FUND EQUITY

	1997	1996
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 652,904	\$ 391,081
Unearned lease revenue (Notes 3 and 6)	52,500	52,500
Current maturities of long-term debt (Note 6)	39,800	39,080
Total current liabilities	745,204	472,661
<b>LONG-TERM OBLIGATIONS: (Note 6)</b>		
Accounts payable	34,380	--
Unearned lease revenue, less current portion (Note 3)	38,375	91,875
Compensated absences (Note 1)	94,375	89,275
Bond payable (Note 12)	427,080	425,000
Deferred credit - insurance payment (Note 13)	58,000	50,000
Total long-term obligations	646,080	656,150
Total liabilities	1,391,284	1,128,811
<b>CONTINGENCIES: (Notes 11 and 14)</b>		
<b>FUND EQUITY:</b>		
Contributed capital (Note 7)	10,800,660	18,383,540
Retained earnings	1,703,054	3,065,890
Total fund equity	12,503,714	21,449,430
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 22,185,100</b>	<b>\$ 22,578,241</b>

ST. BERNARD PORT, HARBOUR AND TERMINAL DISTRICT  
(STATE OF LOUISIANA)  
BALANCE SHEETS  
JUNE 30, 1957 AND 1956

ASSETS

	1957	1956
<b>CURRENT ASSETS:</b>		
Cash (Notes 1 and 2)	\$ 505,344	\$ 465,118
Accounts receivable (Note 3)	226,965	147,713
Prepaid insurance	218,175	265,368
Due from other governmental units (Note 4)	292,917	331,755
Total current assets	1,831,599	1,189,954
<b>RESTRICTED ASSETS: (Note 1)</b>		
Cash - bonds payable sinking fund	18,764	37,324
Cash - land purchase	618,808	---
Total restricted assets	637,572	37,324
<b>PROPERTY, PLANT AND EQUIPMENT: (Notes 1 and 5)</b>		
Land and improvements	10,436,050	10,424,103
Dock and barge facilities	2,203,000	2,289,809
Buildings and improvements	4,830,737	4,560,138
Dock and marine facilities	568,118	584,128
Furniture and equipment	875,800	554,618
	18,913,695	18,372,786
Less accumulated depreciation	1,870,633	3,184,057
	17,043,062	15,188,729
Construction in progress	2,801,960	3,244,118
Net property, plant and equipment	19,845,022	18,432,847
<b>TOTAL ASSETS</b>	<b>\$ 22,099,190</b>	<b>\$ 19,567,725</b>

See accompanying notes.

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-135, 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 8, 1997 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.

*Debra L. Thompson, CPA, Manager*



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### INDEPENDENT AUDITOR'S REPORT

August 8, 1997

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, 1997 and 1996, and the related statements of revenues, expenses and changes in related 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. 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, 1997 and 1996 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.