5088

REPORT

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

JUNE 30, 2009 AND 2008

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

INDEX TO REPORT

JUNE 30, 2009 AND 2008

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INDEPENDENT AUDITOR'S REPORT

November 5, 2009

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

We have audited the accompanying financial statements of St. Bernard Port, Harbor and Terminal District (the District), of the State of Louisiana, as of and for the years ended June 30, 2009 and 2008 as listed in the foregoing index to the report. 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 financial statements referred to above present fairly, in all material respects, the financial position of St. Bernard Port, Harbor and Terminal District as of June 30, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 6 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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In accordance with *Government Auditing Standards*, we have also issued a report dated November 5, 2009 on our consideration of 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. Additionally, we have issued a report dated November 5, 2009 on the effectiveness of the District's internal control. Certain significant deficiencies in internal control are identified therein. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. 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 basic financial statements of St. Bernard Port, Harbor and Terminal District. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Duplantier, Hrapmann, Hogan & Maher, LLP

ST. BERNARD PORT, HARBOR
AND TERMINAL DISTRICT
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

The Management's Discussion and Analysis (MD&A) of the St. Bernard Port, Harbor and Terminal District's financial performance presents a narrative overview and analysis of St. Bernard Port, Harbor and Terminal District's financial activities for the year ended June 30, 2009. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the information contained in the St. Bernard Port, Harbor and Terminal District's financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

- ★ The St. Bernard Port, Harbor and Terminal District's assets exceeded its liabilities at the close of fiscal year 2009 by $93,025,655, which represents an increase from last fiscal year. The net assets increased by $17,205,967 (or 23%).

- ★ The St. Bernard Port, Harbor and Terminal District's intergovernmental revenues increased $16,382,479 (or 741%) and the net results from operations decreased by $132,517 (or 4%).

BASIC FINANCIAL STATEMENTS

The basic financial statements present information for the St. Bernard Port, Harbor and Terminal District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets (page 7) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the St. Bernard Port, Harbor and Terminal District is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Assets (page 8) presents information showing how St. Bernard Port, Harbor and Terminal District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statement (pages 9-10) presents information showing how St. Bernard Port, Harbor and Terminal District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income to net cash provided by operating activities (indirect method) as required by GASB 34.

ST. BERNARD PORT, HARBOR
AND TERMINAL DISTRICT
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
as of June 30, 2009 and 2008
(in thousands)

	2009	2008
Current and other assets	$ 9,992	$ 11,872
Capital assets	92,972	72,590
Total assets	102,964	84,462
Current liabilities	4,294	2,272
Long-term obligations	5,644	6,370
Total liabilities	9,938	8,642
Net assets:		
Invested in capital assets, net of debt	88,737	67,900
Restricted	1,161	1,151
Unrestricted	3,128	6,769
Total net assets	$ 93,026	$ 75,820

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, loan agreements or other requirements. Conversely, unrestricted net assets are those that do not have any limitations on what these amounts may be used for.

Net assets of St. Bernard Port, Harbor and Terminal District increased by $17,205,967 (or 23%), from June 30, 2008 to June 30, 2009. The main cause of the increase is the net non-operating revenue received by the District.

ST. BERNARD PORT, HARBOR
AND TERMINAL DISTRICT
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

Statement of Revenues, Expenses, and Changes in Fund Net Assets
for the years ended June 30, 2009 and 2008
(in thousands)

	2009	2008
Operating revenues	$ 3,015	$ 3,102
Operating expenses	(6,125)	(6,079)
Operating loss	(3,110)	(2,977)
Non-operating revenues	20,316	8,157
Net increase in net assets	$ 17,206	$ 5,180

The St. Bernard Port, Harbor and Terminal District's total operating revenues decreased $87,171 (or 3%). The total cost of operating expenses increased by $45,346 (or 1%). The main cause for the decrease in revenue is a decrease in other fees and permits received during the year ended June 30, 2009. The main cause for the increase in the cost of programs and services is the increase in personal services expense.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009, the St. Bernard Port, Harbor and Terminal District had net capital assets of $92,971,729, net of accumulated depreciation of $18,884,050, including land, buildings and improvements, dock, barge and marina facilities, furniture and equipment and construction in progress. (See following Table and notes). This amount represents a net increase of $20,381,855. The major additions were large projects that are currently considered construction in progress.

	2009	2008
Land and improvements	$ 12,030	$ 12,030
Buildings and improvements	22,893	23,283
Dock and barge facilities	41,841	34,851
Furniture and equipment	569	630
Construction in progress	15,639	1,796
Totals	$ 92,972	$ 72,590

Loans Payable

The St. Bernard Port, Harbor and Terminal District had $5,774,762 in loans payable outstanding at June 30, 2009, compared to $6,229,762 last year, a decrease of $455,000 (or 7%).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The St. Bernard Port, Harbor and Terminal District's appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- The Port Industrial Park is currently at 92% occupancy and all major facility are leased. The Port's Marine Facility has 100% occupancy. The Port's ship calls and tonnage are holding steady through the economic downturn.

- The Port continues its Maritime Expansion with the opening of a new 40,000 square foot General Cargo Shed and The opening of a new 70,000 square foot lumber import facility. The Port is also in the process of building a new 20,000 square foot office / security complex

CONTACTING THE ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the St. Bernard Port, Harbor and Terminal District's finances and to show the St. Bernard Port, Harbor and Terminal District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Robert J. Scafidel, Executive Director, P. O. Box 1331, Chalmette, Louisiana 70044.

ST. BERNARD PORT, HARBOR & TERMINAL DISTRICT
(STATE OF LOUISIANA)
STATEMENTS OF NET ASSETS
JUNE 30, 2009 AND 2008

ASSETS

	2009	2008
CURRENT ASSETS:		
Cash and cash equivalents (Notes 1 and 2)	$ 4,423,799	$ 9,071,043
Accounts receivable (Note 1)	358,161	152,369
Prepaid expenses	402,823	372,055
Due from other governmental units (Note 5)	3,622,666	1,092,347
Deferred financing costs (Note 1)	7,428	8,700
Total current assets	8,814,877	10,696,514
RESTRICTED ASSETS: (Notes 1 and 3)		
Cash - employee savings	8,584	7,609
Cash - construction and loan payments	477,412	470,490
Investments - construction and loan payments	674,514	673,126
Total restricted assets	1,160,510	1,151,225
CAPITAL ASSETS: (Notes 1 and 6)		
Land and improvements	12,029,639	12,029,639
Dock and barge facilities	53,300,721	44,859,191
Buildings and improvements	29,824,086	28,875,371
Furniture and equipment	1,062,327	966,691
	96,216,773	86,730,892
Less accumulated depreciation	18,884,050	15,936,581
	77,332,723	70,794,311
Construction in progress	15,639,006	1,795,563
Net capital assets	92,971,729	72,589,874
OTHER ASSETS: (Note 1)		
Deferred financing costs (less current portion and accumulated amortization of $147,827)	16,673	24,101
TOTAL ASSETS	$ 102,963,789	$ 84,461,714

See accompanying notes.

LIABILITIES AND NET ASSETS

	2009	2008
CURRENT LIABILITIES:		
Accounts payable	$ 3,305,532	$ 1,197,930
Due to employees - savings	8,801	7,826
Accrued interest payable	200,180	170,809
Deferred revenue (Notes 1 and 7)	294,393	440,480
Loan payable - LPFA - current (Note 7)	485,000	455,000
Total current liabilities	4,293,906	2,272,045
LONG-TERM OBLIGATIONS:		
Unearned lease revenue (Notes 1 and 7)	153,841	437,613
Compensated absences (Note 1)	200,625	157,606
Loan payable - LPFA - noncurrent (Note 7)	3,750,000	4,235,000
CDL loan payable (Note 16)	1,539,762	1,539,762
Total long-term obligations	5,644,228	6,369,981
Total liabilities	9,938,134	8,642,026
NET ASSETS:		
Invested in capital assets, net of related debt	88,736,729	67,899,874
Unrestricted	3,128,416	6,768,589
Restricted	1,160,510	1,151,225
Total net assets	93,025,655	75,819,688
TOTAL LIABILITIES AND NET ASSETS	$ 102,963,789	$ 84,461,714

ST. BERNARD PORT, HARBOR & TERMINAL DISTRICT
(STATE OF LOUISIANA)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
OPERATING REVENUES:		
Lease revenues	$ 2,956,051	$ 2,826,038
Other fees and permits	59,148	276,332
Total operating revenues	3,015,199	3,102,370
OPERATING EXPENSES:		
Personal services	1,404,078	1,270,232
Supplies and materials	20,095	21,524
Other services and charges	1,345,173	1,317,899
Promotion and marketing	90,381	73,333
Professional services	317,811	343,896
Depreciation (Notes 1 and 6)	2,947,469	3,052,777
Total operating expenses	6,125,007	6,079,661
Operating loss	(3,109,808)	(2,977,291)
NONOPERATING REVENUES (EXPENSES):		
Taxes - ad valorem	993,252	826,413
Intergovernmental revenues (Note 5)	18,591,912	2,209,433
Interest earned	80,896	269,008
Interest expense on long-tem debt	(283,438)	(337,264)
Hurricane related expenses	-	(225,191)
Insurance proceeds	131,536	5,415,000
Miscellaneous revenue - Sheriff	801,617	-
Total nonoperating revenues	20,315,775	8,157,399
Change in net assets	17,205,967	5,180,108
NET ASSETS - Beginning of year	75,819,688	70,639,580
NET ASSETS - End of year	$ 93,025,655	$ 75,819,688

See accompanying notes.

ST. BERNARD PORT, HARBOR & TERMINAL DISTRICT
(STATE OF LOUISIANA)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for services	$ 2,379,547	$ 3,353,031
Cash paid for goods and services	(1,885,942)	(1,640,031)
Payments for salaries and related expenses	(1,360,084)	(1,252,505)
Cash received from Sheriff - miscellaneous revenue	801,617	-
Net cash provided (used) by operating activities	(64,862)	460,495
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Proceeds from loans	-	-
Ad valorem tax receipts	991,416	827,969
State revenue sharing	93,180	121,429
Net cash provided by noncapital financing activities	1,084,596	949,398
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES:		
State grants	12,386,853	475,634
Federal funds revenue	3,583,396	571,744
Purchases of capital assets	(21,140,006)	(6,513,638)
Principal payments on loans	(455,000)	(435,000)
Cash paid to tenant - joint agreement	-	18,908
Interest paid on loans	(245,367)	(298,430)
Insurance proceeds - Hurricane Katrina	131,536	5,664,052
Purchases related to Hurricane Katrina	-	(225,191)
Net cash used by capital and related financing activities	(5,738,588)	(741,921)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(720,836)	(748,094)
Proceeds from sale and maturities of investments	719,448	752,210
Interest earned	80,896	269,008
Net cash provided by investing activities	79,508	273,124
Net increase (decrease) in cash and cash equivalents	(4,639,347)	941,096
Cash and cash equivalents - beginning of year	9,549,142	8,608,046
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 4,909,795	$ 9,549,142

(Continued)

ST. BERNARD PORT, HARBOR & TERMINAL DISTRICT
(STATE OF LOUISIANA)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	$ (3,109,808)	$ (2,977,291)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	2,947,469	3,052,777
Changes in net assets and liabilities:		
Accounts receivable	(205,792)	4,102
Prepaid expenses	(30,768)	50,109
Accounts payable	(81,714)	66,512
Due to employees - savings	975	(790)
Deferred revenue	(429,859)	246,559
Compensated absences	43,019	18,517
Cash received from Sheriff - miscellaneous revenue	801,617	-
Net cash provided (used) by operating activities	$ (64,862)	$ 460,495

	2009	2008
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS:		
Cash and cash equivalents - current assets	$ 4,423,799	$ 9,071,043
Cash - restricted assets	485,996	478,099
	$ 4,909,795	$ 9,549,142

See accompanying notes.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NATURE OF OPERATIONS:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles and reporting standards.

These financial statements were prepared in accordance with GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. The District applies all GASB pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. All activities of the District are accounted for within a single proprietary (enterprise) fund. This fund type is used to report any activity for which a fee is charged to external users for good and services. In addition, these financial statements include the provisions of GASB Statement Number 34, *Basic Financial Statements – and Management's Discussion and Analysis- for State and Local Governments* and related standards.

Reporting Entity

Government Accounting Standards Board (GASB) Statement No. 14 has established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity and other reporting relationships. 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:

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Reporting Entity (Continued)

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

The District is considered a related organization of the State of Louisiana. Although the Governor appoints the governing board, the State does not have a financial benefit or burden relationship with the District. Because the State does not have financial accountability for the District, the District is excluded from the reporting entity of the State. The nature of the State's relationship with the District is disclosed in the State's audited financial statements.

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the State of Louisiana.

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.

Enterprise Funds are 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.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Accounting

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

The accrual basis of accounting, revenues are recognized when they are earned and expenses are recognized when incurred, is used to account for the Enterprise Fund.

Cash and Cash Equivalents

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

Accounts Receivable

The District uses the direct write-off method to remove uncollectible accounts receivable. This method approximates the allowance method required by accounting principles generally accepted in the United States of America.

Capital Assets

Capital assets associated with the activity of the District are recorded as assets of that fund. All purchased capital assets are valued at cost. Depreciation of these assets is computed on the straight-line method over the estimated useful lives of the assets.

Restricted Assets

Certain cash and investments and accrued interest thereon to be used for planned construction and for the repayment of loans payable are classified as restricted assets on the statement of net assets because their use is limited by applicable loan covenants.

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

Investments

The District's investments are carried at estimated fair value. Unrealized gains and losses are included in the investment earnings reported in the statement of revenue, expenses and changes in fund net assets.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Deferred Financing Costs

Costs incurred to obtain loan financing are capitalized and amortized over the life of the loan using the percentage of principal payback method which approximates the effective interest method.

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. Accumulation of sick leave is limited to 25 days per employee. Upon termination of employment, unused vacation and sick leave will be paid to employees at the employee's current rate of pay.

Lease Revenues

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

2. CASH:

At June 30, the District has cash (book balances) as follows:

	2009	2008
Demand deposits (book balances)	$ 4,909,795	$ 9,549,142

Custodial credit risk is risk that, in the event of a bank failure, the District's deposits might not be recovered. At June 30, 2009 and 2008, the District's demand deposit (bank balances) of $5,025,237 and $9,680,774 were entirely secured by federal deposit insurance and pledged securities held by the District's agent in the District's name.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
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3. INVESTMENTS:

Statutes authorize the District to invest in direct United States Treasury obligations, the principal and interest of which are fully guaranteed by the government of the United States; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies, provided such obligations are backed by the full faith and credit of the United States of America; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by U.S. Government instrumentalities, which are federally sponsored; mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States or its agencies; and certain guaranteed investment contracts.

Certain investments of the District are restricted and are maintained in trust accounts, as required by loan agreements. (See note 7.) The District's investments are carried at fair value and consist of U.S. Treasury money market funds. The investments are managed by the trustee, but are restricted by the loan agreement. The money market funds in the amount of $674,514 and $673,126 at June 30, 2009 and 2008, respectively, are held by the trustee in the name of the District.

Custodial credit is defined as the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investment. The District is not exposed to custodial credit risk at June 30, 2009 and 2008 since the investments are held in the name of the District.

Concentration of credit risk relates to the amount of investments in any one entity. At June 30, 2009 and 2008, the District had no investments in any one entity which exceeded 5% of total investments, except obligations of federally sponsored entities, which are implicitly guaranteed by the federal government.

4. 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 2009 levy was based was $325,687,582 with homestead exemptions of $46,255,247. The assessed value upon which the 2008 levy was based was $266,382,520 with homestead exemptions of $36,117,627.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

4. AD VALOREM TAXES: (Continued)

The District is permitted by Article 7, Section 23 of the 1974 Constitution and Act 228 of 1960 of the State of Louisiana to levy taxes up to $5.00 per $1,000 of assessed valuation on property within the District to defray their administrative, operative and maintenance expenditures. Taxes were levied to finance expenses at a rate of $3.66 per $1,000 for the 2009 and 2008 levies.

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, 2009 and 2008 were 96.34 percent and 97.22 percent, respectively, of the tax levies.

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 deductions for the years ended June 30, 2009 and 2008 were $32,193 and $26,386, respectively.

5. INTERGOVERNMENTAL REVENUES AND RECEIVABLES:

Intergovernmental revenues for the years ended June 30, 2009 and 2008 consisted of the following:

	2009	2008
State of Louisiana revenue sharing	$ 93,180	$ 121,428
State grants	14,253,129	1,185,441
Federal grants	4,245,603	902,564
Totals	$ 18,591,912	$ 2,209,433

Included in federal grant revenue is $876,546 in reimbursable grants from the Federal Emergency Management Agency (FEMA) for expenditures which resulted from Hurricane Katrina, which struck the Louisiana coastline on August 29, 2005.

Amounts due from other governmental units consisted of the following for the years ended June 30, 2009 and 2008:

	2009	2008
Federal Emergency Management Agency	$ 1,038,778	$ 376,573
LA Department of Transportation & Development	2,576,084	709,807
St. Bernard Parish Tax Collector	7,804	5,967
	$ 3,622,666	$ 1,092,347

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

6. CAPITAL ASSETS:

A summary of changes in capital assets and depreciation for the years ended June 30, 2009 and 2008 follows:

2009	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009
Land and improvements	$ 12,029,639	$ --	$ --	$12,029,639
Dock and barge facilities	44,859,191	8,441,530	--	53,300,721
Buildings and improvements	28,875,371	948,715	--	29,824,086
Furniture and equipment	966,691	95,636	--	1,062,327
Construction in progress	1,795,563	22,946,669	9,103,226	15,639,006
Totals	$ 88,526,455	$32,432,550	$ 9,103,226	$ 111,855,779

	Accumulated Depreciation June 30, 2008	Depreciation Expense	Retirements	Accumulated Depreciation June 30, 2009
Dock and barge facilities	$ 10,008,022	$ 1,452,164	$ --	$ 11,460,186
Buildings and improvements	5,592,299	1,338,477	--	6,930,776
Furniture and equipment	336,260	156,828	--	493,088
Totals	$ 15,936,581	$ 2,947,469	$ --	$ 18,884,050

2008	Balance June 30, 2007	Additions	Retirements	Balance June 30, 2008
Land and improvements	$ 12,029,639	$ --	$ --	$12,029,639
Dock and barge facilities	40,610,117	4,710,299	461,225	44,859,191
Buildings and improvements	25,972,133	2,903,238	--	28,875,371
Furniture and equipment	511,772	474,397	19,478	966,691
Construction in progress	3,373,574	5,392,277	6,970,288	1,795,563
Totals	$ 82,497,235	$ 13,480,211	$ 7,450,991	$ 88,526,455

	Accumulated Depreciation June 30, 2007	Depreciation Expense	Retirements	Accumulated Depreciation June 30, 2008
Dock and barge facilities	$ 8,919,818	$ 1,549,429	$ 461,226	$ 10,008,022
Buildings and improvements	4,189,866	1,402,433	--	5,592,299
Furniture and equipment	254,824	100,915	19,478	336,260
Totals	$ 13,364,508	$ 3,052,777	$ 480,704	$ 15,936,581

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

7. GENERAL LONG-TERM OBLIGATIONS:

Loan Payable:

On March 2, 2000, the District entered into a loan agreement with the Louisiana Local Government Environmental Facilities and Community Development Authority (the Authority). Under the agreement, the Authority issued $1,480,000 of Series 2000A Revenue Bonds and $4,135,000 of Series 2000B Revenue and Refunding Bonds and loaned the proceeds to the District. The loan agreement requires the District's loan proceeds to be deposited with the Authority's trustee bank.

From the proceeds of the loan, the District was required to fund a reserve fund and pay the costs of issuance of the Authority's bonds. The remaining proceeds of the Series 2000A Bonds loan will be used to make utility, roadway and security improvements at the District. A portion of the proceeds of the Series 2000B Bonds loan was used to currently refund the District's 1996 Certificates of Indebtedness and the remainder will be used to renovate the intermodal facilities, make warehouse and site improvements, renovate the administration office building and rehabilitate two separate warehouses.

Under the loan agreement, the District is required to repay the loan by making the debt service payments, including principal, interest and reserve requirements for the Authority's two bond issues. The bonds have stated interest rates ranging from 5.7% to 8% and maturities ranging from March 2001 to March 2015. Interest is payable March 1 and September 1 of each year, commencing September 1, 2000, and principal payments are due March 1 of each year, commencing March 1, 2001.

On October 1, 2003, the District entered into a loan agreement with the Louisiana Public Facilities Authority (the Authority). Under the agreement, the Authority issued $1,300,000 of Series 2003C Revenue Bonds and loaned the proceeds to the District. The loan agreement requires the District's loan proceeds to be deposited with the Authority's trustee bank.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

7. GENERAL LONG-TERM OBLIGATIONS: (Continued)

Loan Payable: (Continued)

The bonds have been issued for the purpose of acquiring and improving property, construction and equipment, refunding the District's $780,000 Revenue Bonds, Series 2003A and paying the cost incurred in connection with the issuance of the bonds.

Under the loan agreement, the District is required to repay the loan to the trustee. The bond has a variable interest rate. The rate is determined weekly by the remarketing agent. Interest is payable on January 1, April 1, July 1 and October 1. Principal payments are due on July 1 of each year commencing July 1, 2004 to July 1, 2018.

The following is a summary of loan payable transactions for the years ended June 30, 2009 and 2008:

	2009	2008
Outstanding at beginning of year	$4,690,000	$ 5,125,000
Additions	--	--
Reductions	(455,000)	(435,000)
Outstanding at end of year	$ 4,235,000	$ 4,690,000

The annual principal and interest payments on the loan outstanding at June 30, 2009 are as follows:

Year Ended June 30,	Principal Payments	Interest Payments	Total
2010	$ 485,000	$ 198,207	$ 683,207
2011	515,000	174,050	689,050
2012	535,000	152,718	687,718
2013	575,000	125,373	700,373
2014-2018	2,125,000	141,685	2,266,685
	$ 4,235,000	$ 792,033	$ 5,027,033

The interest payments on the loan with the Louisiana Public Facility Authority are not included since future interest rates are not known.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

7. GENERAL LONG-TERM OBLIGATIONS: (Continued)

Other Long-Term Obligations:

The following is a summary of changes in other long-term obligations for the years ended June 30, 2009 and 2008:

2009	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009
Compensated absences	$ 157,606	$ 43,019	$ --	$ 200,625
Deferred revenue	437,613	--	283,772	153,841
Totals	$ 595,219	$ 43,019	$ 283,772	$ 354,466

2008	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008
Compensated absences	$ 139,089	$ 34,493	$ 15,976	$ 157,606
Deferred revenue	371,566	328,841	262,794	437,613
Totals	$ 510,655	$ 363,334	$ 278,770	$ 595,219

Deferred revenue at June 30 is as follows:.

	2009	2008
Balance, June 30	$ 448,234	$ 878,093
Less: current portion	(294,393)	(440,480)
Long-term portion	$ 153,841	$ 437,613

For the years ended June 30, 2009 and 2008, $391,745 and $258,635, respectively, were recognized as lease revenue from these leases.

Following is a schedule of the deferred revenue to be recognized in future years:

June 30	Amount
2010	$ 448,234

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

8. USE OF ESTIMATES:

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

9. LEASE REVENUES:

The District leases property and buildings located at the Chalmette and Arabi terminals and other sites within St. Bernard Parish, and dock and barge facilities located at the Chalmette Slip to various businesses. These leases are reported as operating leases. Minimum future rentals on cancelable leases are as follows:

Year Ended June 30	
2010	$ 1,926,951
2011	1,743,975
2012	1,672,192
2013	1,631,063
Thereafter	2,596,314
Total	$ 9,570,495

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

Contingent rentals earned for the year ended June 30, 2009 and 2008 were $619,191 and $647,182, respectively.

The carrying value of leased property as of June 30, 2009 and 2008 is as follows:

2009	Cost	Accumulated Depreciation	Carrying Value
Land and improvements	$ 12,029,639	$ --	$ 12,029,639
Dock and barge facilities	53,300,721	11,460,186	41,840,535
Buildings and improvements	29,824,086	6,930,776	22,893,310
	$ 95,154,446	$ 18,390,962	$ 76,763,484

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

9. LEASE REVENUES: (Continued)

2008	Cost	Accumulated Depreciation	Carrying Value
Land and improvements	$ 12,029,639	$ --	$ 12,029,639
Dock and barge facilities	44,859,191	10,008,023	34,851,168
Buildings and improvements	28,875,371	5,592,299	23,283,072
	$ 85,764,201	$ 15,600,322	$ 70,163,879

10. LEASE EXPENSE COMMITMENTS:

The District leases various equipment and other items under month-to-month leases. Total rent expense for all leases for the year ended June 30, 2009 and 2008 was $46,552 and $46,096, respectively.

11. PENSION PLAN:

Substantially all employees of the District are members of two statewide retirement systems, both of which are cost-sharing multiple-employer public employee retirement systems (the Systems). The majority of employees are members of the Louisiana State Employees Retirement System (LASERS). All permanent employees, who meet the age requirements and who are paid wholly or in part from the District funds must be members of LASERS. However, employees who were previously members of other state retirement systems may continue to participate in that system in lieu of participating in LASERS. During the years ended June 30, 2009 and 2008, one employee continued participation in the Teachers Retirement System of Louisiana (TRS).

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

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

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

11. PENSION PLAN: (Continued)

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

	June 30, 2009		June 30, 2008	
	Employee	Employer	Employee	Employer
Louisiana State Employees' Retirement System	7.5%	18.5%	7.5%	20.4%
Louisiana Teachers' Retirement System	8.0	15.5	8.0	16.6

The District's contributions to the plans during the years ended June 30, 2009, 2008 and 2007 are as follows:

	June 30, 2009	June 30, 2008	June 30, 2007
Louisiana State Employees' Retirement System	$ 122,518	$ 115,881	$ 108,957
Louisiana Teachers' Retirement System	24,847	34,921	26,582

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

12. DEFERRED COMPENSATION PENSION FUND:

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

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 33% of a participant's includable income or $15,500 for 2008 and $16,500 for 2009.

12. DEFERRED COMPENSATION PENSION FUND: (Continued)

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

Years of Service	Monthly Contribution
0-2	$ 20
3-5	40
6-9	60
10-14	80
15 and over	100

Contributions to the Plan by employees totaled $35,948 and $34,506 for the years ended June 30, 2009 and 2008, respectively. Contributions to the Plan by the District totaled $9,878 and $10,528 for the years ended June 30, 2009 and 2008, respectively.

13. POSTRETIREMENT HEALTH CARE BENEFITS:

The Board of Commissioners of the St. Bernard Port, Harbor and Terminal District has established the policy of providing certain continuing health care insurance benefits for certain retired employees. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid by the District. All District employees who are eligible to retire under a state retirement system become eligible to receive these benefits. At June 30, 2009, four 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 year ended June 30, 2009 and 2008, the total cost of premiums was $37,077 and $28,283, respectively.

14. FEDERAL FUNDS:

The District has received Federal Public Assistance Grant funds directly from the Federal Emergency Management Agency (FEMA) in the amount of $3,096,462 for the year ended June 30, 2009. The grant is a reimbursable grant which is used to reimburse the District for emergency expenses incurred as a direct result of Hurricane Katrina. The District is responsible for all applicable federal compliance requirements.

The District received Federal Port Security grant funds directly from the United States Transportation Security Administration in the amount of $17,628 for the year ended June 30, 2009. The District is responsible for all applicable federal compliance requirements.

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

15. INSURANCE PROCEEDS CAUSED BY HURRICANE KATRINA:

Due to Hurricanes Katrina and Gustav, the District incurred various property damage and received insurance proceeds to offset the losses. The amount of insurance proceeds received by the District during the years ended June 30, 2009 and 2008 was $131,536 and $5,415,000, respectively.

16. COMMUNITY DISASTER LOAN:

As a result of Hurricane Katrina, the District applied for and was awarded a Community Disaster Loan (CDL) by the Federal Emergency Management Agency (FEMA). The purpose of the loan is to allow the District to carry on existing governmental functions or to expand such functions to meet disaster-related needs. The proceeds cannot be used for capital improvements, repair of damaged facilities, payment of non-Federal share of any Federal program, repayment of any other Federal loan, or investment with the intention of earning interest. There were two loans issued under the same award. The terms of the loan are five years and may be extended, and the interest rate is the latest five year Treasury rate as quoted on the Federal Reserve Board website on the day the note is signed by FEMA, plus one per centum, rounding to the nearest 1/8 per centum and then reducing by one half. The interest rate at June 30, 2009 for the two loans was 2.72% and 2.93%. The loan balance at June 30, 2009 was $1,539,762. The payments of principal and interest may be deferred until the end of the 5-year period. The maximum CDL available to the District is $1,539,762.

17. NEW ACCOUNTING PRONOUNCEMENTS:

In November 2004, the Governmental Accounting Standards Board (GASB) issued Statement 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." This statement requires the accrual of postemployment benefits for retired employees. The Port is required to implement this standard for fiscal year ending June 30, 2010. The Port has not yet determined the full impact that adoption of GASB Statement 45 will have on the financial statements.

18. MISCELLANEOUS REVENUES:

Miscellaneous revenue represents a $622,817 partial recovery of prior year lease payments due from the Sheriff's office in addition to $178,800 receivable from the DOTD relating to Gibbs Construction litigation that was settled during the year. The payment from the Sheriff's office was dependent upon the Sheriff receiving FEMA funds. The likeliness of collecting this money had previously been assessed as remote, therefore no receivable was recorded in the prior year. The Port believes there is only a remote possibility that any other funds will be received from the Sheriff's office, therefore no receivable has been recorded for the remaining lease payments due.

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

November 5, 2009

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), State of Louisiana, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 5, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the Board of Directors and management of the St. Bernard Port, Harbor and Terminal District, the State of Louisiana, the Legislative Auditor for the State of Louisiana and the United States Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

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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

November 5, 2009

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

Compliance

We have audited the compliance of the Board of Commissioners of the 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 its major federal award programs for the year ended June 30, 2009. 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 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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In our opinion, the District complied, in all material respects, with requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the 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 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Duplantier, Hrapmann, Hogan & Maher, LLP

ST. BERNARD PORT, HARBOR & TERMINAL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor/Program Title	CFDA Number	Federal Expenditures (1)
Department of Homeland Security		
Public Assistance	97.036	$ 2,643,982
Port Security Grant	97.056	17,628
Department of Commerce		
Public Works and Economic Development	11.3	525,790
Total Federal Assistance Expended		$ 3,187,400

FOOTNOTE

(1) Basis of Presentation

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

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

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, 2009.

2. Internal Control

   Material weaknesses: None noted.
   Significant deficiencies: None noted

3. Compliance

   Noncompliance material to the financial statements: None noted.

4. No significant deficiencies were identified during the audit of the major federal award programs.

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

6. The St. Bernard Port, Harbor and Terminal District had two major programs. Federal expenditures of these programs were $3,169,772.

7. 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, 2009.

8. Type A programs are those programs with Federal Awards expended during the year ended June 30, 2009 exceeding $300,000.

9. The District qualified as a low-risk auditee as that term is defined in OMB Circular A-133.

Findings Required To Be Reported Under Governmental Auditing Standards Generally Accepted in the United States of America:

None

Findings and Questioned Cost for Federal Awards:

None

ST. BERNARD PORT, HARBOR AND TERMINAL DISTRICT
(STATE OF LOUISIANA)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

PRIOR AUDIT FINDINGS:

Misclassifications of disbursements by coding capital asset acquisitions to operating expense accounts – **RESOLVED**.

Completed construction projects were not reclassified to capital asset account groups from construction in progress – **RESOLVED**.

Accounts receivable of prior year recorded as income in current year and current year end receivables not recorded – **RESOLVED**.

Omitted calculating and recording depreciation associated with capital assets – **RESOLVED**.

Other year end accruals and amortizations not recorded – **RESOLVED**.